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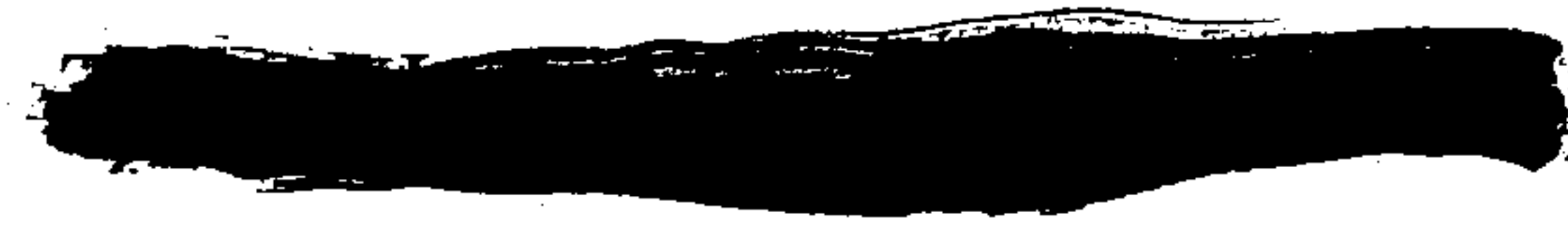
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Critical Enabling Conditions and Challenges in the Start-up Phase of an International New Venture: A Social Entrepreneur's Perspective



by

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VOLUME ONE

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ABSTRACT

This thesis explores the enabling conditions and challenges two entrepreneurs interpret critical in their relationships in the start-up phase of 5i, a social entrepreneurial international new venture (INV). The thesis delivers both interpretive ethnographic and autoethnographic accounts, weaving the voices of the two co-founders of 5i into a textual dialogue. The reader explores the relationship between the two entrepreneurs, and their relationships with their network partners, as they develop 5i into a small, innovative social entrepreneurial consulting practice that delivers innovative business incubation and financial engineering services from the firm's home base in New Delhi, India into rural markets in Brazil and China, as well as into the company's home market in India. The two entrepreneurs put to use their team and network relationships to mobilize knowledge, know-how, and capital; marshalling resources for their firm far beyond those they control. However, the entrepreneurs' relationships deliver more than functional, resource-based benefits. It is the shared mission-related values, and the trust and the open communications they engender, in the entrepreneurs' relationships that emerge as key enabling conditions in the development of 5i. When mission-related values are not shared, significant challenges are confronted.

The research presented in this thesis emphasizes interpretation and understanding grounded in the formation processes in a new enterprise, there where it is happening, not in rational explanation and prediction. Messy, thick, interpretive ethnographic and autoethnographic texts provide rich detail which is then provoked through engagement with interpretive grounded theory methods to offer three pragmatic theoretical threads that contribute to our understanding of the roles of TMT and network relationships in the creation of social enterprises that move across international borders from birth. This combination of interpretive methods will not meet the positivist cry for testable hypothesis and universal theories, but it is hoped these methods deliver a compelling, local story. This thesis works to bring the voice of the entrepreneur back into research on entrepreneurship.

ACRONYMS AND ABBREVIATIONS

AoA	Articles of Association
BRFP	Brazil Renewable Finance Program*
CSF	CS Foundation*
EMA	Ecologia e Meio Ambiente*
EVG	Energy Vision Group*
EVG-SA	EVG South Asia*
FCO	Foreign and Commonwealth Office, Government of the United Kingdom
FDA	Foggia Development Alliance*
FIRC	Foreign Inward Remittance Certificate
GHF	Global Horizons Fund*
IB1	International Bank based in The Netherlands*
IfE	Institute for the Environment*
IFREE	International Fund for Renewable Energy and Energy Efficiency
IKF	International Kick-start Fund*
IREP	International Renewable Energy Partnership*
JP	Jhunda Pahaar*
LTH	Lighting the Himalayas Program*
MMCA	Marga & Marga Chartered Accountants*
MML	Marga & Marga Law*
MoA	Memorandum of Association
MTP	Micro-hydro Tea Program*
PB	Progressive Bank based in Mumbai, India*
RBI	Reserve Bank of India
RDFI	Renewable Energy Debt Facility-India*
Rs.	Indian Rupees (GBP 1 = approx. Rs. 86.71 on 13 Sept 06)
SEI	Solar Energy International
SEIA	Solar Energy Industries Association*
SFI	Solar Finance Initiative*
SHG	Self Help Group
USAID/Brazil	United States Agency for International Development Brazil Mission
US\$	United States Dollar (GBP 1 = approx. US\$ 1.87 on 13 Sept 06)
VER	Verifiable Emissions Reduction Unit
WBS	Warwick Business School

*Indicates names have been changed due to commercial sensitivities

CHAPTER ONE: INTRODUCTION

This thesis explores the enabling conditions and challenges Ayesha and I interpreted as critical in the start-up phase of 5i, an international social entrepreneurial consulting practice we co-founded and registered as a private limited corporation in New Delhi, India in October 2003. In the firm's start-up phase, 5i executed consulting assignments that produced commercial returns, promoted rural prosperity, and rewarded ecosystem conservation in low income rural communities in Brazil, China, and India. Ayesha and I, as 5i's Managing Directors, executed programs that helped people in rural communities work their way out of poverty in a manner that opened to them the benefits of collective bargaining and conserved the ecosystems on which their livelihoods depended. Our operations in target communities placed socio-economic development, including environmental conservation, alongside wealth creation as central tenants in measuring success. We delivered business incubation, financial engineering, and institutional strengthening services to catalyze the development of small-scale organic farming, artisan food processing, and renewable energy ventures that offered a promising long-term approach to promoting rural prosperity and ecosystem survival. We were paid by foundation and government clients to take small steps to fundamentally change the socio-economic calculus in the rural communities where we worked. 5i is this both a social enterprise, seeking mission-related as well as commercial returns, and an international new venture (INV), a 'born global' enterprise that operated across national borders from birth.

In the start-up phase of 5i, the environment in which Ayesha and I developed our company was complex, uncertain, fast-paced, and ambiguous and we had very limited capital resources. Ayesha and I put to use our relationships to mobilize knowledge, know-how, and capital; marshalling resources for our firm far beyond those we control. We worked with local entrepreneurs, organic farmers, bankers, non-profits, and government officials to stimulate the development of sustainable business ventures in target rural communities in Brazil, China, and India while identifying, cultivating, and contracting with private foundation and government clients in the United States and England. In order to attract clients, we had to

author new ways of thinking about how organic farmers and entrepreneurs could come together to develop commercially-viable, sustainable energy, agro-processing, and agriculture practices. Our programmatic approach had to mark a significant departure from the ways others in the target rural areas were thinking. We had to break through existing hierarchies of power and privilege, in which benefits accrued to a few who dominated, and introduce economic development programs that disrupted the status quo.

The challenges and enabling conditions Ayesha and I found critical as we charted our nascent enterprise through its start-up phase were constituted in our internal (team) and external (network) relationships. Our relationships were a fundamental force in the creation of 5i. The research presented in this thesis investigates Ayesha and my interpretations of the critical enabling factors and challenges we found constituted in these relationships. My research aims to contribute to our understanding of the roles of management team and network relationships in the creation of social enterprises that move across international borders from birth. And, yes, this research falls under the label of ‘autoethnography,’ as a co-founder in 5i I am a ‘subject’ of the research and the researcher. The other co-founder in 5i, and my co-participant in this research, is Ayesha. Through intertwining my story with Ayesha’s directly in the text, this thesis moves beyond traditional autoethnography. Ayesha and I construct, messy ‘thick’ (Geertz, 1973: 5-6) interpretive ethnographic and autoethnographic accounts that provide rich detail of the role our relationships play in the start-up phase of 5i, grounded in our voices. We then engage with interpretive grounded theory methods to tease out specific themes grounded in these accounts. In provoking these grounded findings to pragmatic theory I reveal formulas embedded in our stories and deliver a set of pragmatic theoretical threads that contribute to expanding our knowledge of social processes in management team and network relationships in the venture creation process.

Investigation of the critical enabling conditions and challenges encountered in the start-up phase of 5i falls at the confluence of four streams in the business literature. First, in 5i’s start-up phase, we identified, crafted, developed, and delivered innovative, venture-based

approaches to rural development across national borders, 5i's activities thus fall within the purview of *international entrepreneurship* (Oviatt & McDougall, 2005). Second, as the brand of entrepreneurship we practiced in our start-up phase placed the delivery of mission-related results alongside wealth creation as central tenets in measuring success (Boschee & McClurg, 2003), we were performing *social entrepreneurship* and our activities fit within the rubric developed in the definition of such by Dees (2001). Third, as 100% of 5i's revenues in the start-up phase came from professional consulting contracts, the business in which we engaged can be called a professional consulting practice and falls within the bailiwick of nascent research into *professional services firms* (Empson & Chapman, 2005). Fourth, Ayesha and I were the founders of 5i, we owned all the equity in the firm, and constituted its' Board of Directors. We were what Hambrick and Mason (1984), in their work on upper echelon theory, label as the *Top Management Team* (TMT), and thus this research fall within the purview of research on such.

Despite the recognition of the growing importance of social and international entrepreneurship, professional service firms, and TMTs, academic research into commercial practices in these areas has been limited in both methodological approach and perspective. The bulk of the academic research into these practices has relied on survey instruments which gather snapshots of data through multiple choice or close-ended questions or short interviews, often from hundreds of entrepreneurs. The 'thick descriptions' (Geertz, 1973: 5-6) built on longitudinal, in-depth, interpretive ethnographic and autoethnographic studies of change as it unfolds over time witnessed in other fields, such as anthropology and sociology, are just beginning to emerge. Our perspective on the phenomena is thus limited. The research presented in this thesis is designed to expand our perspective by offering an in-depth interpretive, poststructuralist research text that reveals Ayesha and my interpretation of the critical enabling conditions and challenges we encountered as we navigated a small, social enterprise that, from inception delivered innovative consulting services across national borders, through its start-up phase. Thus, the research answers the call from Gartner and Birley (2002) for more in-depth, longitudinal qualitative research on the creation of

entrepreneurial new ventures and hopefully expands perspectives on the role of social process in the start-up phase of small social entrepreneurial consulting practices that go global from birth.

Section I: Locating the Research

In keeping with the aim of bringing the voices of entrepreneurs back into research on entrepreneurship and the tenets of interpretive strands in grounded theory, ethnography, and autoethnography as well as a poststructuralist epistemological stance, this research is first and foremost located in Ayesha and my voices as the co-founders of 5i. The work in this thesis generates findings grounded primarily in Ayesha and my internal and external dialogues in our ethnographic and autoethnographic accounts, not in streams of thought in the literature. The relevancy of, and engagement with, previous academic literature is built around the concepts generated from the field research, when deemed insightful, and explored at the Chapter level. The next Chapter further elaborates the methodological approach and ontological and epistemological stances taken in the research for this thesis.

Research built on interpretive ethnographic accounts and interpretive grounded theory methods can however, begin with a clarification of definitions and orienting perspectives that find a basis in the literature. This section articulates several such guiding perspectives and definitions. In keeping with a commitment to grounding this research in the field, the section starts with a brief introduction to 5i. Definitions and perspectives from the literature that may help the reader place 5i's operations and the social processes revealed in Ayesha and my interpretations are then explored in the sub-sections that follow.

5i

5i was by any definition, a small firm, in the 18 months that constituted the company's start-up phase. The company's initial capitalization was Rs. 198,500. 5i's annual revenues were Rs. 2.97 million in our first six months of operation and Rs. 335,746 in the following twelve months. Ayesha and I only hired three employees during the start-up period. 5i was also an

autonomous firm with Ayesha and I owning 100% of the company's equity; Ayesha held 51% of the shares and I held 49%.

Our core mission at 5i was to create jobs and increase incomes in rural regions of the developing world while generating profits and reducing the impact of development on local ecosystems. We pursued a 'soft paths' approach to *economic development* which we defined as *limiting human impact on flora and fauna and conserving the bio-diversity and eco-system regenerative capacity of the areas in which we operate*. We aimed to help populations in low income rural regions work their way out of poverty in a manner that conserved the ecosystems on which their livelihoods depend. Our work was based on the premise that reinvigorating small-scale, local organic farming and artisan food processing ventures that reflect and were supported by the local culture offered the most promising long-term approach to promoting rural prosperity and ecosystem survival.

In 5i's start-up phase, we worked towards our mission through the sale of consulting services to government and foundation clients who were interested in engaging us to design, construct, and execute programs, institutions, and/or businesses that helped them meet their development goals. Our niche expertise was in helping micro-scale entrepreneurs and organic farmers to develop and operate ventures that utilize renewable energy-based generation systems to create craft food products from the processing of certified organic fruits and vegetables and to sell these products in high-value, niche markets. Our work in the start-up phase of 5i focused on the design, development, and execution of innovative enterprise incubation, finance operations, and organizational structures which supported the development of such commercially-attractive micro-scale 'eco-ventures.' During our start-up phase we worked in the rural regions of the northeast of Brazil, the Yunnan Province of China, and the Indian Himalayas.

The rural markets in Brazil, China, and India where we developed our social entrepreneurial operations in the start-up phase are complex for a myriad of reasons. For example, there were

significant variations in biological settings in which ventures were undertaken, dispersion of transactions made it expensive to deliver incubation and financial services, and our agricultural projects had notoriously ‘lumpy’ cash flows. In addition, many of the contractors, bankers, agents, and government officers, as well as some of the entrepreneurs and farmers with whom we worked, had limits in the knowledge, skills sets, and frames of reference necessary to support the development of micro-scale ventures. They also were often missing the frames of reference, expertise, and know-how necessary to fully maximize long-term value from commercially-attractive micro-scale ‘eco-venture’ opportunities. On the financial side of our operations, the ventures we incubated required proportionally higher levels of up-front capital in the initial phase to: (a.) verify site-specific resources; (b.) secure government clearances; (c.) construct processing platforms; (d.) identify, procure, transport, and install site-specific technology; and (e.) raise the capital required to operate the ‘novel’ venture. The existing criteria and menu of financing offered by local financial institutions (FIs) was usually unduly restrictive with regards to the investment requirements and officers in the FIs in the target regions were not familiar with, and, therefore, did not have experience in, evaluating risks associated with micro-scale ‘eco-ventures.’ The limited number of micro-credit organizations operating in our target regions did not offer loans that addressed the capital requirements of subject ventures; loans limits were too low, premiums too high, and terms too short.

5i’s social entrepreneurial practice focused on overcoming the aforementioned difficulties in the markets where we operated. We identified bundles of similar possible ventures for incubation and investment; selected a pilot, micro-scale, eco-venture (PMEV) transaction from the bundle; worked with a local entrepreneur to research, test, refine, and model the business concept and financial structure for the pilot venture; and negotiated produce supply and market contract arrangements for the pilot. On writing this thesis, we started to directly invest equity capital in and develop credit enhancement mechanisms to open access to loans for pilots as well as nurture their growth. Examples of pilot transactions on which we worked in 5i’s start-up phase included: biogas-powered organic apple juice processing ventures;

organic tea drying operations powered by micro-hydro installations; and solar-based organic banana drying enterprises. As the typical PMEVI represents a small investment transaction and upfront costs of such transactions are usually high, we only made investments in PMEVI that are typical of a bundle of transactions in which such high upfront costs can be recovered through decreasing marginal costs achieved through economies of scale. Once we had executed a PMEVI, we expected the marginal costs associated with our development of each similar incremental micro-scale ‘eco-venture’ to be lowered to a level sufficient for us to move forward with local partners in developing further ventures. We hedged covariant risks by investing in bundles in diverse sectors and geographic regions.

Throughout the incubation and investment process in 5i’s start-up phase, the company: (a.) operated a research practice which first explored and then maintained an ongoing dialogue with state-of-the-art practices (for example artisan apple juice practices in Somerset, England) in the technical areas of subject processing operations, and (b.) worked very closely with a small tight team of enlightened partners from FIs, the requisite government authorities, farmers’ federations, foundations, and government donor agencies that had the experience base, credit profile, discipline, and expertise to meet the requirements for the birth and growth of subject bundles of ventures and to help guide and assist them by providing know-how, knowledge, and capital. It was in these relationships with our network partners and clients that Ayesha and I discovered one of the set of enabling conditions and challenges we interpreted as critical in our start-up phase. The second set of enabling conditions and challenges we deemed critical were found in Ayesha and my relationship, as the TMT building 5i’s practice.

ENTREPRENEURS

This research works primarily from Schumpeter’s early process-based definition of an *entrepreneur* as one who creates value by carrying-out new combinations causing discontinuity.

The carrying out of new combinations we call 'enterprise;' the individuals whose function it is to carry them out we call 'entrepreneurs'....Everyone is an entrepreneur when he actually 'carries out new combinations,' and loses that character as soon as he has built up his business, when he settles down to running it as other people run their businesses (Schumpeter, 1961: 74-78).

Schumpeter (1976) reiterates:

the function of entrepreneurs is to reform or revolutionise the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products... (132).

Schumpeter's entrepreneurs are agents executing change in our economy (Dees, 2001).

More recently, Miller (1983) and Johnson, Danis, and Dollinger (2004) have offered widely accepted definitions of entrepreneurship with the latter defining entrepreneurship "as the creation of value, typically via the development of a new organization designed to exploit a perceived opportunity" (Johnson, Danis, & Dollinger, 2004: 174) and the former defining it as an organizational level phenomena that focuses on risk-taking, innovation, and the entrepreneur's proactiveness (Miller, 1983). These definitions complement Schumpeter's indicating that a product or service which did not previously exist is brought into existence to either establish or fulfil a need (create value), and this requires the development of an organization that is able to capitalize on an opportunity that others are unable to either recognize or exploit.

Howard Stevenson provides an opportunity-oriented definition of entrepreneurship stating that what distinguishes an entrepreneur from a business manager is the "pursuit of opportunity without regard to resources currently controlled" (Stevenson, Grousbeck, Roberts, & Bhidé, 1999: 5). His definition highlights the notion of resourcefulness in entrepreneurs, emphasizing their dexterity in mobilizing the resources of others to achieve their objectives.

To my knowledge, when 5i was established in October 2003, there was only one other firm operating in a similar commercial space. Since 2003, I know of only one further firm that has entered the space. Traditionally, it has been non-profits that have attempted to work in the space (Boschee & McClurg, 2003) that 5i is defining in social entrepreneurship. In keeping with the definitions offered by Schumpeter (1961, 1976); Johnson, Danis, & Dollinger (2004); and Miller (1983), 5i can be termed an *entrepreneurial venture* and we who founded it *entrepreneurs* as the firm is a new organizational form carrying-out innovative/novel combinations in social entrepreneurship (see the sub-section on *Social Entrepreneurship* for details). Ayesha and I, as 5i's founders, used our knowledge, know-how, and networks to mobilize capital from foundations and government agencies and to leverage resources from key partners in order to achieve the firm's goals. In so doing, we are pursuing and mobilizing resources, reaching far beyond the small amount of resources we control (Stevenson, Grousbeck, Roberts, & Bhide, 1999).

Finally, this thesis focuses on Ayesha and my practices in the process of creating our new venture. Although the research begins with a look into the functional, resource-based benefits and ascribed demographic characteristics our relationship brings into the firm, it quickly moves into the evolution of the social relationships between us and our network contacts that constitute for us the critical enabling conditions and challenges in the start-up phase of 5i. Thus, the research offers a processes oriented view of entrepreneurship following Gartner (1989, 1993, 2004), Hosking (2004), and Schumpeter (1961).

START-UP PHASE

This research explores the challenges and enabling conditions Ayesha and I interpreted to be critical in the first phase of 5i's development. A number of words and concepts used to define the initial phase in a venture's development are discussed in the literature including 'gestation' (Reynolds & Miller, 1992), 'organisational emergence' (Gartner, Bird, & Starr, 1992), 'organisation creation' (Carter, Gartner, & Reynolds, 1996), 'preorganization'

(Hansen, 1990), the ‘organisation in vitro’ (Hansen & Wortman, 1989), ‘prelaunch’ (McMullan & Long, 1990), and ‘start-up’ (Van de Ven, Angle, & Poole, 1989; Vesper, 1990).

In this thesis, I work with the concept of the *start-up* phase as articulated by Van de Ven et al. (1989) to define the first phase in 5i’s development, as this definition fits our experience:

Initiation is the time when entrepreneurs decide to form a business venture...and *takeoff* is the time when the unit can do without the external support of its initiators and continue growing on its own. The period between initiation and takeoff could be called ***start-up***, where the new unit must draw its resources, competencies, and technology from the founding leaders and external sources in order to develop the proprietary products, create a market niche, and meet institutional standards established to legitimate the new business as an ongoing economic enterprise (Van de Ven et al., 1989: 225).

In reviewing the interpretive ethnographic account of 5i’s start-up, it is hoped that the reader will see that the 24-month period (6 months prior to registration and 18 months post registration) designated as the start-up phase is congruent with the description of such posited by Van de Ven et al. (1989). Certainly this period is one in which 5i’s “resources, competencies, and technology” (225) were drawn from Ayesha and me as co-founders in order to create a viable business. In February 2003, Ayesha and I thought through the concept for the firm that would ultimately evolve into 5i. In March 2005, at the end of the period under study, 5i was in a more stable position, ready for growth and poised to takeoff. We had actively provided a set of proprietary services in our market niche and had met the rather rigorous institutional standards required to repetitively access public sector funding directly from foundations and government clients in the United States and England.

Further, the first 18 months that 5i was in operation includes two fiscal periods for which two audited financial statements can be reviewed to examine the financial aspects of the start-up phase of 5i. As 5i was registered on 7 October 2003, midway through the 2003-04 fiscal year in India, an audited financial statement for the firm was prepared for the six month period beginning in October 2003 and ending on 31 March 2004. A second audited annual financial statement was prepared for the 2004-2005 fiscal year beginning on 1 April 2004 and ending

on 31 March 2005. These two audited financial statements help illustrate the start-up phase. 5i started with an initial capitalization of Rs. 198,500. Our first financial statement was rather weak, illustrating revenues of approximately Rs. 2.97 million, with a profit of approximately Rs. 27,503 and shows the initial fragility of 5i. Our second statement is somewhat more promising, 5i had revenues of approximately Rs. 13.6 million realizing a profit of approximately Rs. 335,746, and helps to demonstrate that the infant business was in a more stable position. Audited financial statements can offer insights into the start-up phase phenomenon, but appear to be missing from much of the entrepreneurship literature. This rather strange situation probably speaks more to researchers' lack of access to such records rather than to intellectual oversight as to their potential importance as indicators. In addition, all too often entrepreneurship research is limited to the activities in the 'initiation' step in a firm's infancy. This restricted view only addresses a small step in the start-up phase. Hopefully this research, by taking a 24 month period that fits with the definition offered by Van de Ven et al. (1989) for a full start-up cycle and focuses in-depth on one firm in this phase, contributes to answering the call from Carter, Grove, and Reynolds (2004) for more in-depth research on start-ups that includes the full cycle of the phase.

ENTREPRENEURIAL INTERNATIONAL NEW VENTURES

International business research primarily focuses on the activities of established multinational companies, particularly on the 'export behaviour' and incremental 'internationalization' of such firms. On the other hand, entrepreneurship in new ventures concentrates principally on the characteristics of the entrepreneurs, environmental factors, and value creation activities in such ventures that operate within national contexts (McDougall & Oviatt, 2000). Research in 'international entrepreneurship' as a new field of study, distinct from antecedent schools of thoughts of internationalization and entrepreneurship, focuses on the emergence of a new breed of immediately or rapidly internationalizing firms, variously referred to as 'born globals', 'international new ventures (INVs)', 'global start-ups', and 'rapid internationalizers' (Jones & Dimitratos, 2004). This new breed of firms differs significantly from businesses that become international in scope over time as they accumulate

resources or competencies to go global. Traditional resource-based, organizational learning, and product life-cycle theories have assumptions about the nature of the market and/or the sources of competitive advantages to be derived within market structures that are not relevant to INVs (Zahra & George, 2002). In today's global environment, entrepreneurs are developing new ventures with the explicit initial intent of reaching beyond their national borders to identify and execute business opportunities in international markets. Despite the recognition of this trend and the growing nascent body of research in international entrepreneurship, research in the field has been limited in both methodological approach and perspective.

International entrepreneurship was first defined by McDougall (1989: 189) as “the development of international new ventures or start-ups that, from inception, engage in international business, thus viewing the foreign operating domain as international from the initial stages of the firm.” This definition focused on the international activities of new ventures to the exclusion of such in established firms. As the literature on international entrepreneurship expanded, two distinct streams emerged, the first concentrates on comparisons of entrepreneurial behaviour and contexts in multiple countries, and the second focuses on analyses of entrepreneurial firm-level activity across national borders (Wright & Ricks, 1994). Zahra (1993) and others also worked on alternative definitions that focused primarily on international entrepreneurship in established firms. By the mid-1990s value creation activities became the primary focus of analysis in the small, but budding, literature on international entrepreneurship (Boojihawon, 2004) and work was conducted mostly in the second stream in the literature, focusing on firm-level business activity as it moved across national borders and the relationship between these firms and their international environment. The evolving research findings led Oviatt and McDougall (1997) to further refine their definition to “new and innovative activities that have the goal of value creation and growth in business organizations across national borders” (293).

Interest in international entrepreneurship has increased dramatically since the mid-1990's and a myriad of research on the subject has emerged in the two streams delineated by Wright and Ricks (1994). The importance of international entrepreneurship as a blossoming field of study can be seen in its increasing coverage in the entrepreneurship journals including *Entrepreneurship Theory and Practice* and the *Journal of Business Venturing*, as well as in more mainstream business journals such as the *Academy of Management Journal*, which devoted an issue to the field in 2000. A new journal for the field, the *Journal of International Entrepreneurship*, was also launched a few years ago. In addition, a handbook for the field, edited by Dana (2004), and a collection of works elaborating the development of the new network-based paradigm in international entrepreneurship, edited by M.V. Jones and P. Dimitratos (2004), was published. The literature review sections in the articles compiled for Dana's (2004) handbook and the collection of works assembled by Jones and Dimitratos (2004) provide excellent resources for those interested in examining the history and trends in international entrepreneurship research.

In September 2005, Oviatt and McDougall (2005) postulated a new definition of international entrepreneurship. Calling on the widely referenced definition of the study of entrepreneurship as the "examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited" (Shane & Venkataraman, 2000: 218 as cited in Oviatt & McDougall, 2005), Oviatt and McDougall (2005) redefined their definition of international entrepreneurship as "the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and services" (540). The authors' new definition emphasizes cross border opportunities, the entrepreneurial actors who work to take advantage of them, and the creative processes involved in exploiting them. Oviatt and McDougall (2005) also built their new definition on Weick's (1995) notion that opportunities may be enacted as well as discovered (Oviatt & McDougall, 2005). The process of discovery itself is interpreted as a 'process of enactment' in this way the authors avoid the potential criticism that the definition treats 'opportunities' as objective phenomenon instead of subjective creation (Oviatt & McDougall, 2005).

Adopting the understanding of international entrepreneurship offered by Oviatt and McDougall (2005), 5i was engaged in international entrepreneurship in the start-up phase as the firm and we, its founders, discovered, enacted, evaluated, and exploited opportunities from our base in New Delhi - across national borders - to create goods and services. In the start-up phase, 5i was specifically contracted to provide services in Brazil and China, as well as in our home market of India. 5i also received inward flows of resources from clients in the United States and England. 5i fits well with the initial ‘global-from-birth’ and INV ‘roots’ of the definition of international entrepreneurship as the firm is an autonomous start-up that, *from inception*, engaged in international business.

The definition of international entrepreneurship postulated by Oviatt and McDougall (2005) is adopted as one orienting perspective and this research follows the two authors’ concern with the enactment of the entrepreneurial opportunity, by looking into the entrepreneurial actors’ perspectives on critical challenges and enabling conditions both in the enactment and through its development of a global-from-birth new venture. A comprehensive review of the literature that informs this perspective can be found in Oviatt and McDougall (2005) and, when relevant, findings from this literature base are discussed in the relevant sections of the thesis.

SOCIAL ENTREPRENEURSHIP

Social entrepreneurship is a new label for a distinct subset of entrepreneurial activities that has been with us for many years. The social entrepreneurship label conjures up an image that combines the passion of a social mission with a picture of business-like discipline, innovation, and determination commonly associated with successful high tech start-ups (Dees, 2001). Thus, social entrepreneurs, and the brand of entrepreneurship they practice, place the delivery of mission-related results alongside wealth creation as central tenets in measuring success (Boschee & McClurg, 2003). Social entrepreneurs combine the

... street pragmatism with professional skills, visionary insights with pragmatism, an ethical fibre with tactical thrust. They see opportunity where others only see empty buildings, unemployable people and unvalued resources...Radical thinking is what makes social entrepreneurs different from simply 'good' people. They make markets work for people, not the other way around, and gain strength from a wide network of alliances...(Catford, 1998: 96 as cited in Canadian Centre for Social Entrepreneurship, 2001: 3)

Over the last decade, there has been a dramatic increase in the formation of new philanthropic institutions and an increase in contributions by high-net-worth individuals to existing foundations (Schlender, 2006 and *The Economist*, 2006). These foundations, along with bilateral donor institutions in the United States and England and multilateral development agencies, such as the World Bank, are grappling with how to develop more proactive responses to complex economic development problems. There is a shift in the policies away from reliance on a social welfare state approach towards the development of a neo-liberal approach with emphasis on market mechanisms for distribution and redistribution of resources (Nicholls, 2005). With the turn to neo-liberal definitions of efficiency in resource distribution for 'public goods,' questions have been raised concerning the sustainability of development models that rely on non-profit institutions for the delivery of social benefits (Cannon, 2000; Catford, 1998; Henton, Melville, & Walesh, 1997). In light of these shifts in perspectives, social entrepreneurship is emerging as an innovative approach of choice for addressing complex social needs.

The definition of social entrepreneurship is a work in progress. Schulyer (1998) describes social entrepreneurs as "individuals who have a vision for social change and who have the financial resources to support their ideas...who exhibit all the skills of successful business people as well as a powerful desire for social change" (1998: 1 as cited in Johnson, 2000: 4). Schulyer's definition illustrates the importance of *vision* and the potency in the combination of the *desire for change* and *business skills* in social entrepreneurship but is restrictive in that it classifies social entrepreneurs as ones "who have the financial resources to support their ideas" (1). This thesis works in a space more in keeping with Schumpeterian and Stevensonian notions of entrepreneurship, where the entrepreneur is defined as such by her/his ability to

gather and put to use resources. Thompson, Alvy, and Lees (2000) provide a definition that works in this space, classifying social entrepreneurs as

...people who realize where there is an opportunity to satisfy some unmet need that the state welfare system will not or cannot meet, and who gather the necessary resources and use these to 'make a difference' (Thompson et al., 2000: 328 as cited in Johnson, 2000: 4).

Thompson et al. (2000) fail to mention the importance of vision and business skills as prominent in social entrepreneurship. Both definitions emphasize the 'entrepreneurial' nature of social entrepreneurship and the creativity and innovation that social entrepreneurs bring to solving social problems rather than focusing solely on the delivery of social benefits.

Henton, Melville, and Walesh (1997: 153 as cited in Johnson, 2000: 7) point out the *collaborative nature* of social entrepreneurship emphasizing social entrepreneurs' "...collaborative leadership to bring diverse parties to the table, identify common ground and take joint action. They build bridges." Because social entrepreneurship often demands establishing credibility across multiple constituencies, and the ability to mobilize support within those constituencies, building bridges and collaborations through the development of a network of relationships is a critical skill for social entrepreneurs. Bornstein (1998) characterizes the social entrepreneur as "...a pathbreaker with a powerful idea, who combines visionary and real world problem-solving creativity, who has a strong ethical fibre and who is totally possessed by his or her vision for change" (36, as cited in Canadian Centre for Social Entrepreneurship, 2001: 3). Bornstein's focus on vision and ethics references the importance of the mission and shared sense of vision and values that is a hallmark of social entrepreneurship in 5i.

This thesis builds on the insights into social entrepreneurship offered in the definitions presented by Bornstein (1998), Henton et al. (1997), and Schulyer (1998) but takes as the departure point for further discussion a combination of the five point definition of social entrepreneurship offered by Dees (2001)

Social entrepreneurs play the role of **change agents**...by adopting a mission to **create and sustain social value** (not just private value); **recognizing and relentlessly pursuing new opportunities** to serve that mission; engaging in a process of **continuous innovation, adaptation and learning**; **acting boldly without being limited by resources currently in hand**; and exhibiting **heightened accountability to the constituencies served and for the outcomes created** Dees (2001: 4).

and the concern for the pursuit of earned income outlined by Boschee and McClurg (2003).

Boschee and McClurg (2003) augment Dees's definition by bringing attention to the importance of *the pursuit of earned income* in any social entrepreneurial venture. Defining a social entrepreneur as "any person, in any sector, who uses earned income strategies to pursue a social objective" (Boschee & McClurg, 2003: 3), the two authors emphasize that earned income strategies are an integral part of social entrepreneurship, directly tied to their mission. Thus social entrepreneurs, and the brand of entrepreneurship they practice, place the delivery of mission-related results alongside wealth creation as the central tenant in measuring success (Boschee & McClurg, 2003). Markets are not the sole arbiter of success for social entrepreneurs as they do not do a particularly good job in valuing social improvements of public goods, such as increases in income and access to jobs for the poor. However, markets are one arbiter. The concern with, and focus on, the delivery of social returns as well as profits separates social entrepreneurship from traditional entrepreneurship and from non-profits.

Traditional entrepreneurs are ultimately measured by financial results...On the other hand social entrepreneurs are driven by a *double* bottom line, a virtual *blend* of financial and social returns. Profitability is still a goal, but it's not the only goal...(Boschee & McClurg, 2003: 3).

5i is an example of social entrepreneurship in keeping with Dees' (2001) definition when the notion of the double bottom line articulated by Boschee and McClurg (2003) is also taken into account (for us environmental returns are intrinsic in our social returns as we are working to reduce human 'footprints' in economic development so we do not use the term 'triple bottom line'). The five constituent elements in the definition of social entrepreneurship provided by Dees' (2001) are explored below in the context of 5i. This discussion on the social

entrepreneurial practices 5i executes is presented in the present tense, as at the time of submission of this thesis, the company continued to perform the practices talked about in this sub-section.

1. 5i is a *change agent* that offers a revolutionary approach to fighting poverty in some of the poorest rural regions of Brazil, China, and India. Our firm seeks to create systemic changes and sustainable improvements in the areas in which we work. We research, design, and currently invest in the development of micro-scale eco-enterprises that process organic produce into high value artisan food products utilizing renewable energy-powered processing equipment. The development of such ventures opens the possibility of rural jobs and increases in income to thousands of poor farmers in target remote rural regions while at the same time presenting economic opportunities that preserve the fragile ecosystem in which they live. The ventures 5i incubates represent fundamental changes in the way commercial agriculture and agro-processing operates, and alters the calculus in who reaps the rewards from such businesses in these regions. Commercial agriculture in target regions relies primarily on traditional methods in which synthetic pesticides and fertilizers are applied, usually with increasing frequency, to one or two crops. As synthetic chemicals are expensive and traditionally financed based on hypothecation of assets, those with assets tend to reap advantages that accrue to scale. Commercial agricultural processing in the target regions is usually executed in large factories in urban centres, not in rural areas. Benefits from these traditional commercial agriculture and agro-processing practices do not accrue to poorer micro-scale farmers, but rather to the middlemen and processing companies that have access to capital, infrastructure, and know-how.

5i changes this equation. 5i can achieve the economies of scale necessary to incubate and open access to finance for and reap rewards from micro-scale processing ventures by working with: (a.) clusters of micro-scale ventures, (b.) renewable energy, organic agriculture, and other technologies in which site specific conditions (instead of scale) can govern output and centralization is not necessary to reach economic efficiency, (c.) craft-based practices that

realize value from their artisan qualities not necessarily from scale, and (d.) multi-product processing platforms. By working in partnership with local government and non-profits in the development of federations of organic farmers, 5i strengthens the institutional structures for collective bargaining while at the same time reduces the costs of working with individual farmers. 5i also works with a dedicated team of financiers and donors that have long-term appetites to provide the capital to finance change. All these elements must come together to achieve change. Human relationships are at the core of this complex web.

Collectively the decisions taken by 5i create systemic changes in rural livelihoods in the areas in which we work. 5i's operations deliver results in rural communities by: (a.) providing micro-scale farmers with a dependable and fair market for certified organic produce, (b.) developing processing ventures that offer jobs in rural areas and a chance for micro-scale farmers to participate in the equity ownership of the venture, (c.) strengthening institutional practices that permit micro-scale organic farmers to realize the benefits from collective bargaining, (d.) reducing transaction costs and increasing access to financing for similar renewable energy and organic agriculture operations by providing replicable models, (e.) helping reduce rural to urban migration by offering attractive jobs and improvements in income in the rural areas, (f.) assisting in the elimination of pesticides and fertilizer use within agriculture in fragile rural eco-systems, and (g.) expanding consumer access to environmentally sound, healthy organic products.

2. 5i's ventures *create and sustain social value* in target local rural communities by operating as commercial businesses that are attractive to and keep the interest of organic farmers because we offer a premium for their organic produce. Additionally, we work to keep the interest of investors as we promise a return on their capital. Non-profits have traditionally attempted to build such ventures, but in the region where 5i works they have mostly created operations that continually rely on grants from foundations and governments to sustain themselves and are executed in a manner that is removed from the local commercial context. 5i's operations are designed to be financially and socially sustainable, putting to use the

minimum amount of donor funding in a manner that creates businesses which continue to operate and generate measurable returns long after such funding disappears. As a for-profit consulting business that also invests in the ventures it establishes, 5i believes that the social and financial results that are the cornerstone of social entrepreneurship can only be achieved with self-sufficient rural ventures that rely completely on earned income to continue operation. Our “earned income strategies are directly tied to our missions” (Boschee and McClurg, 2003: 3). Thus, through a commercial approach, 5i works to create and sustain the delivery of social value as well as profits. We are passionate about our mission, and just as passionate about our financial independence.

3. 5i engages in a process of continually *pursuing new opportunities* and *innovating, adapting, and learning* in what we do and how we do it. We are constantly developing new models for our ventures. We started our work by developing business plans and financial structures for micro-hydro projects to service the energy requirements of organic tea gardens and in helping farmers’ self help groups (SHGs) finance solar lanterns that can be used in apple packaging and dairy operations in the Indian Himalayas. We then created the first SHG in Brazil in partnership with a local non-profit and a group of micro-scale organic farmers. Soon five further organic farmer SHGs were created and we worked with each to develop micro-credit practices so they could finance the purchase of solar and biogas units to dry their fruits and sell them at a premium. We are now working with a group of 122 micro-scale organic farmers in the India Himalayas on a renewable energy-based processing platform for organic apple juice, organic baby food, and cheese. We researched and tested the processing technology and structured and raised the capital for this venture. In Yunnan, China, we are working with a local non-profit partner in helping hundreds of farmers organize into federations and make the transition into organic farming. We have structured and raised investment capital for an organic fruit and vegetable marketing company that will collect and sell the fresh organic produce from the farmers. In transitioning to organics, and in participating with the company, the farmers will realize over 1000% increase in income from their traditional practices of sowing and harvesting ground crops while preserving the

ecosystem on which they depend for their livelihood. On the financial engineering side, by working with a local bank and international foundations, we have designed financial mechanisms that make equity and debt capital available for micro-scale rural enterprises. In sum, 5i is breaking new ground, pioneering new approaches, and “innovating, adapting, and learning” (Dees, 2001: 4).

4. 5i can ‘*act boldly with limited resources*’ because we collaborate with a network of foundations, bilateral government donors, banks, local government officials, farmers, and non-profits to bring our ideas into operation. We leverage resources from our partners and they leverage them from us. We explore and combine resource options through raising funds by executing contracts with philanthropic organizations and putting together loans for ventures with banks. We started with Rs. 198,500 and by the end of the period of this research had raised a little over Rs. 16.6 million directly in our work and leveraged at least twice times this amount. Our networks relationships, essential in achieving our success, are a central topic of this thesis (see Chapter Four).

5. Finally, 5i has a ‘*strong sense of accountability to our constituencies and for the results we deliver.*’ Ayesha and I service multiple constituency bases ranging from the commercial bankers that dictate the terms under which the repayment of the loans for 5i’s ventures are made to the organic farmers who sell produce at a premium price to the processing ventures we operate to international foundations and government clients requiring scalability and replicability along with financial and social returns. We have strong relationships with these clients, farmers, bankers, and produce buyers and a good understanding of what they require in the relationship. They have a sound understanding of our approach, the ventures we are creating, and our ability to generate returns. We work to create a fit between client values and demands and community needs and assess our progress both in terms of financial and social outcomes. The risks are high in these innovative ventures and raising capital and securing commercial relationships would be impossible without these strong relationships and the trust and understanding we have built. Our

government and foundation clients have all executed multiple contracts with us over time, which is unusual in a marketplace where foundations usually prefer to take the ‘ice-breaking’ function, funding the initial work, but not the scale-up. We also execute multiple projects with the same clusters of organic farmers, delivering livelihood changes that continue to be attractive to them. On the financial side, each year we manage to realize a higher than average rate of return on our equity investment.

While 5i clearly fits within the definition of social entrepreneurship offered by Dees (2001), the fit is not as clear when considering the definition of a ‘social enterprise’ offered by Haugh and Tracey (2004). Haugh and Tracey (2004) define a social enterprise as a

business that trades for a social purpose. They combine innovation, entrepreneurship and social purpose and seek to be financially sustainable by generating revenue from trading. Their social mission prioritises social benefit above financial profit, and if and when a surplus is made, this is used to further the social aims of the beneficiary group or community, and not distributed to those with a controlling interest in the enterprise. (4)

5i’s activities are very much in line with the emphasis Haugh and Tracey (2004) place on the delivery of a combination of “innovation, entrepreneurship and social purpose” (4) and the importance of financial sustainability in the definition of social enterprise. However, the authors’ restrict social entrepreneurship to a practice where surpluses are “not distributed to those with a controlling interest in the enterprise” (4). During the start-up phase of 5i, the firm’s surpluses were reinvested to “further the social aims of the beneficiary group” (4) by helping us to reach a scale where we could reduce delivery costs. However, 5i’s governance structure places the decision-making power in regards to resource distribution with Ayesha and me as the parties with controlling equity interest in the firm and thus permits us the opportunity to harvest the surpluses. 5i may be at the edge of what Haugh and Tracey (2004) classify as a social enterprise. While Ayesha and my current strategy deems reinvestment of 5i’s surpluses to be useful to further our mission, our current capital and governance structure places such decisions squarely within our jurisdiction as 5i’s controlling parties. 5i does

however, combine innovation and entrepreneurship to deliver what Blakely and Bradshaw (2001) present as the four factors requisite for local economic development:

indigenous resources and local control as a basis for further wealth creation; new wealth formation through new knowledge, new skills, adding value in the value chain; building new capacity by exploiting new options and opportunities; and resource expansion through building and enhancing existing resources. (Blakely and Bradshaw, 2001 as cited in Haugh & Tracey, 2004: 5)

Further, 5i provides many of the benefits Haugh and Tracey (2004) outline as attributable to social enterprises including:

- Helping the disadvantaged to overcome their poverty through employment whilst at the same time providing goods and services needed by their communities.
- Creation of additional jobs, either through work integration programmes or through new employment opportunities (Borzaga and Defourny 2001: 359).
- Increased local income retention from employing local people who are more likely to spend their wages in local outlets.
- Improved provision of services that can further raise the standard of living and increase local income retention further.
- Increased employability through raising individual skills levels
- Positive effects on motivation of local people...
- Strengthening social capital by supporting the integration of socially excluded into society and disadvantaged into employment (Borzaga and Defourny 2001: 360)...
- Increased tax revenues from personal incomes, tax, consumption, property values and payroll payments

(Haugh & Tracey, 2004: 6)

Thus, 5i may be seen as a social enterprise if examined from the point of view of the activities and benefits offered in the consideration of social enterprises by Haugh and Tracey (2004), but may not be considered as such by these two experts if we decide to distribute our surpluses to Ayesha and me as the controlling parties in the firm.

Although social entrepreneurship has a strong intuitive appeal to an emerging new class of philanthropists, government officials, and development professionals interested in its ability to deliver social benefits, we know very little about the enabling conditions and challenges

entrepreneurs founding new social enterprises in developing countries confront in the start-up phase of their ventures. We can see the results of social entrepreneurship in the form of the new businesses created, especially in well-documented and publicized cases such as the Grameen Bank in Bangladesh, and the rapid spread of the innovations they deliver, such as group-secured micro-credit. We can read in-depth analysis of their practices, examine snapshots of their ascribed demographic and attributed functional characteristics, or explore theoretical angles of their activities and their fit within various conceptions of economic development in an emerging stream of academic journal articles and books, in the popular press, and in case studies delivered at conferences. Recent meetings organized for groups of philanthropists, such as the Global Philanthropy Forum held in Palo Alto, CA, USA in March 2005 and the Skoll World Forum held in Oxford in March 2006, have highlighted the importance of social entrepreneurship as a development tool and provided an occasion to showcase its potential in various contexts. However, despite the increased visibility in the foundation community and the incorporation of social enterprise studies into the curriculum of well-respected business schools at Cambridge, Harvard, Oxford, and Stanford, social entrepreneurship is still a fairly new field, and research on social entrepreneurship lags behind its practice. There is a limited amount of context-specific, in-depth, academic research that traces social entrepreneurs' evolving perceptions of the critical challenges and enabling conditions they face through the start-up phase of their ventures. The voices, perspectives, and experience base of these entrepreneurs are not seen enough in our academic texts. This research aims to help fill this gap.

PROFESSIONAL SERVICES FIRMS

In the start-up phase, 5i operated solely as a professional services firm with 100% of the firm's revenues in the first 18 months of operation coming from consulting contracts.

Professional services firms typically comprise groups of professionals such as consultants, doctors, or lawyers with different areas of expertise. The professional service firm's primary task is to apply "specialized technical knowledge to the creation of customized solutions..." (Empson & Chapman, 2005: 8). Partners and principals develop reputations based on their

formal and tacit knowledge and expertise as they obtain and execute work for clients (Toppin & Czerniawska, 2005). The possession of different areas of expertise allows professional services firms to bundle complementary forms of expertise in order to provide complex services to a client. 5i is typical of such firms, both Ayesha and I possess niche in-depth knowledge in a group of highly specialized technical areas including first-tier equity and debt finance for new rural ventures, micro-scale renewable energy systems for agriculture processing applications, organic farming, and rural micro-scale business incubation. Our expertise has been built through a mix of formal education and tacit know-how and knowledge acquired in past jobs in both the non-profit and for-profit sectors. We group our specialized expertise into a bundle and offer it for sale in the form of projects and program proposals customized to meet the appetites of potential clients. Our experience base has also permitted us to garner a reputation in the market and a set of network contacts on which our nascent firm is built, subjects treated in detail in Chapters Three and Four. In the time period covered by the research presented in this thesis, we sold our experience and specialized know-how to a British government agency and a family foundation in the United States to help them in the execution of their respective development agendas. As a niche firm with solid credentials, we have been fortunate to be able to select clients with whom we share vision and values and have built a trust. We execute long-term, complex programs for each client and each is a repeat customer. We share values with our clients and they trust us to the extent that we basically have autonomy over our approach and how we work.

There has been a remarkable growth in the market for public-sector consulting services in which 5i competes. From 1989 to 1997 billings in the professional services market for the major United Kingdom registered consulting firms reached close to US\$200 million, by 2003 this amount had risen to US\$2 billion (Toppin & Czerniawska, 2005). This trend was mirrored in billings for the major consulting practices in the United States (Toppin & Czerniawska, 2005). With government agencies being challenged to meet their commitments to the United Nations' Millennium Development Goals and a rapid expansion and strengthening occurring in the foundation community with donors gearing-up to support

social entrepreneurship, the market in which 5i sells their professional consulting services should continue to expand.

However, it is striking given the prevalence of professional services firms that there is little empirically grounded literature on how new professional service firms develop and no research known to this author on the start-up phase of small new professional service firms executing social entrepreneurial practices across national borders from birth. There are excellent strands of research on governance, organization, control, growth and diversification in larger, existing professional services firms especially coming out of the Clifford Chance Centre for the Management of Professional Service Firms in the Said Business School at Oxford University (e.g., Anand, Morris, & Gardner 2005; Lawrence, Malhotra, & Morris, 2005; Gardner, Morris, & Anand, 2005). However, this Centre has produced little work on the start-up phase of new, small international professional services firms and, surprisingly, given its proximity in the Said Business School to the Skoll Centre on Social Entrepreneurship, has not combined research on professional services firms with work on social entrepreneurship.

Small, new professional services firms that are ‘born global’ deserve separate analysis because they confront unique size-related issues and behave in ways that differ from firms in other sectors such as high-tech or manufacturing or that operate at larger scales that have been the subject of much coverage in the literature. A comprehensive review of the scant literature on small international professional services firms can be found in Boojihaon (2004).

Wherever relevant, findings from this literature base are discussed in the relevant sections of this work. Boojihaon’s own work (2004) appears to be the only research on international entrepreneurship that looks into the start-up phase of small and medium-scale professional services firms, in his case advertising firms, and he offers a network perspective that informs, and is discussed in, Chapter Four.

ENTREPRENEURIAL TEAMS AND TMTs

Traditionally research into entrepreneurship views the entrepreneur as a single person (Lechler, 2001). The idea of focusing on entrepreneurial teams, rather than on the solo entrepreneur, was rather late in coming in the literature, even though the importance of such teams had been well-documented in the popular press and evidenced in the business community (Francis & Sandberg, 2000; Lechler, 2001). The shift in research attention from the individual to the entrepreneurial team gained impetus from outside the entrepreneurship field. The upper echelon perspective developed by Hambrick and Mason (1984) made TMTs an object of interest in the strategic management literature. Following a fundamentally demographic approach to the study of leadership and strategy, Hambrick and Mason (1984) and later works by Hambrick (1989) and Finkelstein and Hambrick (1996), assert that venture performance is a ‘reflection’ of the characteristics and actions of the team of managers central to the firm, known as the TMT. Works by West and Scwenk (1996) and Ocasio (1997) strengthened the initial research on TMTs by further emphasizing the importance of the organizational environment to the TMTs relationship and its operation. A wide range of studies have sought to examine the characteristics and behaviours of TMTs and explore the impact of such on the success of the firm (Ensley & Pearson, 2005; Carpenter, 2002). However, until the early 1990s, the literature on *entrepreneurial* TMTs remained rather sparse (Francis & Sandberg, 2000).

In the early 1990s, it was evident that entrepreneurial TMTs were emerging as the dominant form of control in high-tech start-ups (Lechler, 2001). Since this time, much work has been done on entrepreneurial teams. Landmark works from Vesper (1990); Kamm, Shuman, Seeger, and Nurick (1990); and Gartner, Shaver, Gatewood, and Katz (1994) led the way and the idea that the management of a new venture can, and frequently does, occur as a shared effort is now commonplace in the literature (see Ensley & Pearson, 2005; Francis & Sandberg, 2000; Lechler, 2001; Thakur, 1999).

This thesis works from an amalgamation of the common definitions of TMTs in the entrepreneurship literature. Kamm, Shuman, Seeger, and Nurick (1990), cited in Francis and

Sandberg (2000: 9), define the TMT as “two or more individuals who jointly establish a business in which they have an equity (financial) interest.” “These individuals are present during the pre-start-up phase of the firm, before it actually begins making goods or services available in the market” (Aldrich, Carter, & Ruef, 2004: 299). Vyakarnam (1997) defines TMTs as “the ‘top team’ of individuals who is responsible for the establishment and management of the business.” Ensley and Pearson (2005) expand on these two definitions stating that each member of the TMT must be a founder of, and an officer in, the venture; hold at least 10% of the equity in the firm; and be actively involved in strategic decision-making. Ayesha and I adhere to the specifications in each of these definitions of TMTs. We registered 5i together in October 2003. Since inception, Ayesha has held 51% of 5i’s equity, and I held 49%. As owners and managing directors of 5i, we articulated and exercised control over the strategic direction of our company throughout its start-up phase.

A NETWORK PERSPECTIVE

This thesis takes as an entrance point the view that 5i is a core part of an emerging ‘network-type global economy.’ Dana, Etemad, and Wright (2004) and Dana and Wright (2004) argue that this new economy is based on multi-polar networks, within which symbiotic management creates added value through interdependence and the development of relationships between small businesses. These networks are

indicative of a potential new paradigmatic approach to internationalization wherein the emphasis is on the mutual benefit of enlarging the collective market size rather than individual firm profitability and market share (Jones & Dimitratos, 2004: 5-6)

5i is a node in a set of multi-polar networks. For example, 5i is one of the founders of a network formed by institutions in Brazil, China, India, and the United States. Donors and social entrepreneurs participate in the network. The social entrepreneurs collaborate in their work, have strong personal relationships, and take advantage of the benefits from collective negotiations, knowledge, and communications including: (a.) writing proposals for and executing consulting, investment, and agriculture processing operations together, (b.) changing roles with one being the prime contractor and another being the sub-contractor on

one project and the reverse on another, and (c.) sharing expertise and networks through which to raise resources. Clients also form part of the network, with a family foundation using it as a way to share ideas and efficiently direct funding for work to the cluster of constituent social entrepreneurs. The critical enabling conditions and challenges constituted in the relationships in this network are one of the two core subjects of this thesis, along with the relationship between Ayesha and I as the Managing Directors in 5i's TMT. By looking into these relationships it is hoped that the dynamics of a social entrepreneurial INV, that is a constituent in this new paradigm, are exposed and that the findings in this thesis can contribute to new models of entrepreneurship tailored to the social entrepreneurial INV. Dana, Etemad, and Wright (2004) provide a comprehensive review of the literature on which the concept of 'network-type global economy' is based and the recent work informed by this perspective, and, where appropriate, findings from this literature base have been incorporated into the relevant chapters.

In sum, although there is a strong foundation for INVs, social entrepreneurship, professional service firms, the role of TMTs, and the network perspective in the literature, I know of no research that looks into a firm like 5i which carries the unique combination of attributes to which elements of all these labels apply. There are both perspective and methodological limits in the current research which restricts its ability to offer the reader insights into the critical enabling conditions and challenges faced by TMTs in professional services firms with a social mission, operating in a network-based value chain, and global from birth. This section has introduced some of those perspective limitations and gaps in the literature. The next section introduces the *methodological* limits of previous research and prepares the reader for the more in-depth treatment of the epistemological, ontological, and methodological approaches pursued in the research for this thesis presented in Chapter Two.

Section II: Methodology

The entrepreneurship literature commonly employs the vocabulary of child bearing and rearing to describe the start-up period in the life of a new venture. Terms such as 'in vitro'

(Hansen & Wortman, 1989) or ‘conception and birth’ (Reynolds & Miller, 1992) are employed to describe the initiation and takeoff experiences in the start-up phase. However, the instruments that are commonly used to diagnose the ‘baby’ or ‘infant’ firm’s health in the literature on international and social entrepreneurship, TMTs, new ventures, and professional service firms usually splinter hundreds of subject firms into hundreds more constituent parts that are then described in academic journals in a manner much akin to a medical textbook that generically illustrates and analyzes the skeletal structure, nervous system, nutrition processing, and such of the billions of human beings who inhabit this planet. The bulk of the literature (for an example of a recent collection and extensive references to further such traditional works, see Gartner, Shaver, Carter, Reynolds, 2004) looks for knowledge in large statistical samples, using surveys and short interviews, to take static ‘snapshots’ of as many entrepreneurs as possible in target sectors or even in the economy as a whole. These data collection methods, the statistical programs used to analyze them, and the conclusions drawn in the literature can be incredibly useful to orient the researcher in the general ascribed demographic and achieved functional aspects of the target populations as well as their strategies, choices, and operations as a whole, but leave gaps in our understanding of what individual entrepreneurs look like, what they are thinking, saying, and doing in a local context and how they are working over time in their relationships. The human element is missing.

The tenets of this thesis, and the operating rationale for its methodological approach, take the position that, although traditional positivist research provides good departure points for further research, it can only go so far in describing the complexity of the local, human side of the entrepreneurial phenomena. While prior researchers are to be commended for developing and establishing the general domain of inquiry, there is a need to develop more narratives based on entrepreneurs’ interpretations taken over significant periods of time to help fine-tune our understanding through local knowledge delivered in local voices. Jones and Dimitratos (2004) statement on research in internationalization applies across the entrepreneurial domain:

a criticism that can be reasonably levelled at much traditional research on internationalization is that in pursuing a positivist, scientific approach, the

human element of the process is missed or receives less attention than it merits. The characteristics, attitudes, decisions, and orientations of the managers and owners of small firms is generally well researched and documented in existing literature on exporting and internationalization but often in a way which reduces them to contributing factors or groups of variables that have varying influence on the internationalization processes and performances. International entrepreneurship is a perspective which tends to draw attention to the human element of entrepreneurship: the beings responsible individually or collectively for the firm's actions or behaviour, and who experience and respond to and influence the events and circumstances that comprise internationalization (8).

Rarely do you find a journal article in the literature on international and social entrepreneurship, new ventures, TMTs, and professional services firms documenting the local aspects of the human relationships that is built on the findings from an in-depth look into the experiences in the start-up phase over time. The academic community working in the areas of international and social entrepreneurship, TMTs, new ventures, and professional services firms has not been adequately engaged in and supportive of long-term, in-depth, interpretive ethnographic methods which can reach into the realm of the local dimensions of human relationships. Why leave such a gap?

Ayesha and I - as the TMT building a new, small social entrepreneurial professional service practice that works across national borders on economic development in rural Brazil, China, and India - are enabled and challenged in our relationships as we work to overcome disadvantages associated with 'newness' and 'smallness' and operate in the dynamic marketplace in which we work. We use our internal and external relationships to create the enabling conditions that permit us to overcome these challenges and build our business, we are also critically challenged by dimensions of our relationships. Traditional methodologies that rely on survey instruments which employ multiple choice or short fill-in the blank methods of questioning may have difficulty reaching into our interpretations of our experiences and responses and thus may miss some of the unique elements of the challenges and enabling conditions we faced in our start-up phase.

The methodological approach taken in the research presented in the thesis has a number of characteristics that distinguish it from previous research. Although an in-depth examination of the epistemological, ontological, and methodological characteristics of the research is offered in the next Chapter, the following section briefly introduces the reader to four distinguishing characteristics of the basic methodological approach, setting the stage for further conversations on such in Chapter Two.

1. The research offered in this thesis is centred in *longitudinal interpretive ethnographic and autoethnographic fieldwork* which encapsulates a data collection exercise that includes journals kept by both Ayesha and I, my field notes, over 130 hours of open-ended and directed discussions, and thousands of e-mail correspondence over a 24-month period (18 months post-registration, 6 months pre-registration) that constituted the start-up phase of 5i. The reams of ethnographic field data were then developed into a loosely organized set of interpretive ethnographic and autoethnographic accounts that present first-person personal compilations, in the interpretive tradition, offering Ayesha and my thoughts both from the site in the midst of the start-up process and from positions where we had time for reflection.
2. *Interpretive grounded theory methods* were utilized to draw together perspectives gathered in the ethnographic and autoethnographic accounts. The data in the ethnographic account was coded and re-coded a number of times, first by Ayesha and I together, and then by me alone, to generate conceptual categories for each of the critical challenges and enabling conditions. In a final coding exercise 11 conceptual categories emerged. I worked-up narrative memos on these 11 conceptual categories. The memos helped me to see a conceptual theme captured in the notion of *building human relationships*, and two constituent sub-themes: *the relationship within the management team* and *network relationships*. I then went back to the ‘field’ to collect data to illuminate and refine the emerging sub-themes. The conceptual theme

of human relationships and the two sub-themes of Ayesha and my internal (team) and external (partner) relationships are the subject of this thesis.

3. The findings are offered both in the form of dialogue from the *interpretive ethnography* and in the form of *pragmatic, grounded theoretical threads* spun from engagement with the data in these dialogues. My combination of the two methodologies knits the dialogue from the interpretive ethnographic account with findings based on the grounded methods into a tapestry that opens-up the possibility for new insights into the critical challenges and enabling conditions faced by entrepreneurs as they create and develop social entrepreneurial INVs. This strategy is designed to bring our voices as co-founders into the work to deliver to the reader the perspectives, insights, and understanding of the critical enabling conditions and challenges we faced.
4. As the reader will have noticed, this thesis is written-up in the *first-person* highlighting my dual role as a creator of the venture and the author of this thesis. In using my own voice, I free myself from the traditional conventions of writing that posit a false alienation of my ‘self’ from the text. The researcher is always in the research product. Truth is partial and depends on the interpretive framework of the viewer, it is an interpretation produced in contexts and shaped by values (Denzin, 1997). Claims to be able to deliver research from a transcendent, neutral position of authority, freed of moral choice and evolving perspectives and emotions are questionable. However, by also including Ayesha’s voice in the research and opening space for her to participate in the construction of her voice in this thesis, this work moves beyond traditional autoethnography. Two interpretations are woven together through the dialogues and monologues presented in the text. By including both Ayesha and my experiences I hope to open space for knowledge creation through both individual and interactively produced meanings.

The methodological approach taken in this research does not constitute a testing of a hypothesis or strive to a unified theory. Instead, I follow Marcus (1998) in the development of an open-ended ‘messy’ text that reflects a well-grounded, but loosely grouped, set of perspectives on Ayesha and my relationships that constitutes critical enabling conditions and challenges relating to the birth and infancy of our social entrepreneurial INV operating in the professional services sector. There are opportunities for knowledge opened by presenting an integrated, in-depth picture that is not sliced and diced into malleable variables easily extrapolated to generalized theories. While poststructuralist interpretive autoethnographies and ethnographies may not provide the basis for predicting and generalising about entrepreneurial action that synchronic research can, they work to deliver an enhanced empathetic understanding of the cognitive aspects of the critical enabling conditions and challenges we encounter in our social relationships as we engage as co-founders in the start-up of one INV.

In addition to the problems created by the methodological limitations in the literature on international entrepreneurship, new ventures, TMTs, and professional service firms, most knowledge on the start-up phase in INVs is based on research into firms which operate in the computer, telecommunications, manufacturing, or medical/bio-technology sectors in urban areas of the developed countries. Although there are some notable exceptions in the literature, this general view is limiting especially given the growth in firms in the professional services sector operating in international spaces.

FINDING A HOME: THE NARRATIVE TURN IN ENTREPRENEURSHIP RESEARCH

The research undertaken for this thesis falls into the narrative and discursive stream in the entrepreneurship literature, a stream that was being forged as this thesis was written. I was referenced to this stream at the end of my research process. However, on reading *Narrative and Discursive Approaches in Entrepreneurship*, a compendium edited by Hjorth and Steyaert (2004) designed to bring together research in and stimulate thinking on this emerging stream, I feel I walked onto a stage in the middle of a play where I knew enough of the plot

and the roles adopted by the actors to make it possible for a latecomer to connect into the performance. The research offered in this thesis fits within the thematic, epistemological, and methodological perspectives of the community of scholars pursuing narratives and discursive approaches. For example, authors writing in this research community argue the importance of a poststructuralist epistemological framework (Steyaert, 2004) and highlight the benefits of putting to use ‘self narratives’ to explore the entrepreneurial process (Foss, 2004). Further, in the same way the research presented in this thesis follows the adoption by McDougall and Oviatt (2005) of Weick’s (1995) notion that opportunities are enacted, not discovered, in considering a process-oriented definition for international entrepreneurship, Boutaiba (2004) characterizes Weick’s (1995) ‘becoming perspective’ as the dominant ontological position taken in narrative and discursive streams, with process taken as a starting point in constructing an identity for entrepreneurship. There is “a tenacious insistence upon (the entrepreneurial) process” (Boutaiba, 2004: 25) in this research community. The narrative and discursive works in the compendium emphasize Weick’s (1995) ‘becoming ontology’ (Steyaert, 2004: 11), the creative becoming that defines entrepreneurship.

In opening the compendium, Hjorth and Steyaert (2004) call for a rigorous focus on ‘social creation’ (Hjorth & Steyaert, 2004: 3) in the process of ‘entrepreneurship in the making’ (Hjorth & Steyaert, 2004: 4) in local practices. They emphasize that narrative and discursive approaches in entrepreneurship must open the space for the voice of the ‘embedded experience’ (Hjorth & Steyaert, 2004: 1) rather than relying on methodological approaches that posit the possibility of ‘objective observation.’ This community of researchers works to create ‘little narratives’ that are “providential, temporary, and local and make this no secret to the reader” (Steyaert, 2004: 15). Thus, the research papers collected together in the compendium edited by Hjorth and Steyaert (2004) present views of entrepreneurship in process in accounts of the prosaic details of creating an enterprise (Steyaert, 2004). When reading the chapters in the compendium, the prosaic stories of entrepreneurship in process are told, echoed, and build together into a crescendo. The research presented in this compendium illustrates that paying attention to narrative knowledge and narrative ways of knowing can

enrich our understanding of the practice of entrepreneurship. Smith and Anderson (2004) document the emergence of this narrative and discursive stream in the business disciplines and provide examples of narrative and discursive approaches taken up in popular accounts of, and academic research into, entrepreneurship.

This thesis offers a new approach within the narrative and discursive stream in research on entrepreneurship by presenting a hybrid text that finds its roots in Ayesha and my voices' as we weave interpretive accounts of the enabling conditions and challenges we felt critical in the start-up phase of 5i. In engaging with interpretive strands in grounded theory methods, we then tease these accounts to reveal grounded findings. Finally, I continue to put to use grounded theory methods to provoke our findings to reveal pragmatic theoretical threads that offer insight into the themes we bring forward in our accounts. I hope this thesis strengthens the call for further work in narrative and discursive approaches in entrepreneurship research by both offering a prosaic tome situated in the process of entrepreneurship as it happens as lived experience in 5i, and in illustrating the value of the interpretive methods used as a vehicle for looking into social processes in entrepreneurship.

Section III: Closing

In sum, this thesis investigates what Ayesha and I interpret to be the critical challenges and enabling conditions faced in the start-up of 5i constituted in our internal and external relationships. While most of the literature on entrepreneurship dissects the constituent functional parts of the start-up phase, in so doing the critical challenges and enabling conditions faced by founding entrepreneurs in the complex webs of their relationship are mostly lost and with them the notions of fragility and vulnerability in the start-up phase. This presents problems, not only in the dominance of one partial fractured view of the enterprise start-up process over another, but also in the prescriptions that governments, foundations, and other official and private development assistance agents craft to assist these ventures. The programs of these agents tend to focus on strengthening the functional parts through short-term shots of funds and technical assistance instead of thinking about how to create nurturing

environments and strengthening relationships that will incubate and help in the growth of these ventures over the long-term. Conventional incubators tend to deliver services along prescriptive functional lines based on the fragmented diagnosis presented in the literature, instead of pursuing a homeopathic path to good health.

This research presents an integrated picture of the relationships necessary for growth of an INV through the start-up process for diagnosis in an attempt to deliver a description of how they feed (and drain) together the body of one INV from ‘birth’ through ‘infancy’. The approach is based on the premise that when one looks at the functioning of the entire corpus in its infancy one can see a new view of the phenomena, one different than that offered by examining the individual parts. Instead of rushing to atomize, this study works to integrate, trying not to remove the constituent parts but look at them in the functioning of one body, one social body. The methodological approach and interpretive ethnographic text based in dialogue offered in this thesis are close to the interpretive ethnographic care narratives based on patients’ stories that are working to redefine our interpretations of illness and recommendations for treatment (see Angrosino, 1998; Bochner & Ellis, 2002; Charmaz, 1999, 2002; Ellis, 2004; Frank, 1995).

Section IV: Outline

As with any complex phenomena, the enabling conditions and challenges constituted in Ayesha and my relationships we felt were critical in the start-up phase of 5i cannot be discussed all at once. This thesis has been organized into five chapters to provide an in-depth look into our phenomena. The thesis begins with Chapter One, constituted in this Introduction. Chapter Two provides a description of the epistemological and ontological perspectives that guide the research and details the methodology undertaken in its development. Chapter Three explores the complex web of Ayesha and my achieved functional attributes as well as the social side of our professional relationship as the TMT in the start-up phase of 5i; it is within the relationship between us that we identify the first set of critical enabling conditions. Chapter Four looks into Ayesha and my relationships with our

network partners in the start-up phase. A second set of enabling conditions and challenges we believe to be critical also emerge from the social side of these relationships. Finally, Chapter Five offers three common pragmatic theoretical threads that present new contributions to understanding the role of social systems in the creation of social enterprises that work across international borders from birth, implications of the findings in this thesis for practice, limitations of this research, and directions for future research.

The thesis is designed to take the reader on a journey aimed at making sense of the critical enabling conditions and challenges in Ayesha and my relationships from an 'insider's' point of view. I begin from a poststructuralist epistemological position (Hughes, 2002; McGinn, 1997; Richardson, 2000; Weedon, 1997) and harness interpretive strands in ethnography (Bochner & Ellis, 2002; Denzin, 1997; Ellis 2004; Ellis & Bochner, 2000, Goodall, 2000, Mykhalovskiy, 1997; & Richardson, 2000) and autoethnography (Ellis, 2004; Sparkes, 2002) as well as interpretive grounded theory methods (Charmaz 2001, 2003a., 2003b., 2004; Charmaz & Mitchell, 2001) to generate findings from the perspectives of the co-founders in order to plunge the reader into the details on the critical challenges in the start-up process. You enter into our world, hear our stories, feel our feelings, and see our perspectives. The shared subjectivity of our voices dominates the text, recreating the experiences in an interpretive mode. This thesis is worth reading for those who want to get inside the role of TMT and network relationships in social entrepreneurial INVs and in so doing confront the humanity within the start-up process in such ventures. It is hoped that the reader gains a new perspective of the importance of relationships in TMTs and networks from the perspective of two entrepreneurs. The thesis also weaves in a conversation with the literature that helps to place the discussions and findings in the context of previous research.

At the end of the thesis, it is hoped that the reader will be able to feel the critical enabling conditions and challenges we faced in our relationships as we brought 5i into existence and navigated the firm through its infancy. I also hope that the experience presented here will be integrated into policy in a way that supports some of the enabling conditions and relieves

some of the pressures of the challenges presented. Finally, I hope that this research will inspire others to consider in-depth, longitudinal poststructuralist interpretive ethnographic and autoethnographic accounts combined with grounded methods to expand our understanding of the issues social entrepreneurs face.

CHAPTER TWO: EPISTEMOLOGY, ONTOLOGY, AND METHODOLOGY

Section I: Overview

The methodological approach taken in this research begins with the development of a poststructuralist, interpretive ethnography that explores the critical enabling conditions and challenges faced by Ayesha and I, as the co-founders of 5i, in the start-up phase of our firm. This interpretive ethnography captures the richness and depth of our individual voices in the midst of confronting these critical enabling conditions and challenges. Internal and external monologues and dialogues built from Ayesha and my journal entries, directed and free-form discussions, field notes, and e-mails fill the ethnography. Meaning is constructed in our dialogues, the call and the response. Echoing Marshall McLuhan (1967), these dialogues are part of the theoretical message itself. We are, in essence, ‘performing theory’ in our accounts. The ethnography is presented in what Marcus (1998) describes as a ‘messy text’ filled with our ‘impressionistic tales’ (Van Maanen, 1988). The text is ‘messy’ at two levels. First, it insists on an open-endedness, an incompleteness, and an uncertainty that illustrates a concern for the ethics of the dialogue and the partiality of knowledge. Second, it is drawn from a reflexive, self-critical interpretive ethnographer and participant comfortable only in the presentation of partial, perspective visions rather than a transcendent, ‘objective’ point of view.

The approach to poststructuralist interpretive ethnography subscribed to in this thesis breaks at least seven of the traditional conventions that are the hallmarks of the positivist tradition in academic writing:

1. I deliver interpretive ethnographic and autoethnographic monologues and dialogues and interpretive grounded analysis in ‘raw’ form as first person narratives to preserve voices and to remove the false notion that the subjective nature of research and findings can somehow be made objective by positing a disembodied author.

2. I co-produce the text with my 'subject' and we record on the critical enabling conditions and challenges in the INV we founded together, breaching the conventional separation of researcher, subject, and site.
3. I focus on a single case and thus breach traditional positivist concerns for generalization and statistical relevance.
4. The text discloses hidden details of conflicting experiences, perceptions, and feelings of Ayesha and I as the co-founders thus challenging the rational actor model in economics.
5. The text refuses the impulse to abstract and explain based on predefined categories, stressing the journey over the destination and intimate detail based in grounded findings over connections to the previous literature, abstracted facts, and academic jargon; thus eclipsing the scientific illusion of control and mastery of the discipline.
6. The use of the ebb and flow of Ayesha and my voices to define the critical enabling conditions and challenges stretching across time as the basis for findings resists the standard practice of basing such on static 'snapshots' of sets of variables.
7. The lack of complicated theory and focus on dialogues repositions the text to make it accessible to lay readers. It is hoped that by bringing the lay reader into Ayesha and interpretations of the critical challenges and enabling conditions in the start-up phase of 5i through our day-to-day dialogue, this thesis makes the complexity of the entrepreneurial process accessible, and more tangible for such a reader. Our findings and moves to pragmatic grounded theory are then based in the context of our story, a context in which the reader will, by the time these moves are made, hopefully be comfortable. We are delivering a 'living theory' (Smith & Anderson, 2004: 129) that can be understood through a local narrative (Smith & Anderson, 2004).

While the interpretive ethnography may not provide the basis for predicting and generalising about entrepreneurial action that synchronic research can, it works to deliver an enhanced empathetic understanding of the critical enabling conditions and challenges we encounter as co-founders of one firm. Rather than being governed by the rhetoric constructed in a

particular discipline, the ethnographic accounts are governed by an ethic dedicated to the close textual identification between consenting writers and readers. This ethic is useful not just because self-disclosure is a healthy practice, or because a commitment to it exposes vulnerabilities and emotions and challenges the authority of traditional forms of academic reporting, but because when it is done correctly, we can learn previously unspoken, unknown things about the creation of an INV from it.

As the ethnography develops, Ayesha and I engage with interpretive grounded theory methods developed by Charmaz (2001). We read through our journals and transcripts of our discussions and then, through coding and re-coding, we sort our internal and external dialogues in these accounts first into 115 codes, then into 32 codes, and finally into 17 categories we believed revealing and salient. In a final coding exercise, I compare, combine, and re-craft the data in the 17 categories into 11 conceptual categories (please see the sub-section on ‘Coding Data’ in Section III for more details on coding and Appendix II for a description of the codes). Working with Glaser’s (1978) 6 C method, designed to help researchers think analytically about, theorize, and organize categories, I worked-up narrative memos on these 11 conceptual categories. The memo-writing helped me see a conceptual theme captured in the notion of *building human relationships*, and two constituent sub-themes: *the relationship within the management team* and *network relationships*. In much of what was evidenced in the 11 core conceptual categories, the two sub-themes emerged as the critical challenges and enabling conditions. Through the technique of theoretical sampling I went back to the ‘field’ to collect data to illuminate and refine the emerging sub-themes. Ayesha and I held a number of conversations on the two sub-themes and our challenges and they repeatedly emerged as critical. These conversations helped me to define my structural framework. The conceptual theme of human relationships and the two sub-themes of Ayesha and my internal (team) and external (partner) relationships provide the architecture for the chapters in this thesis and the data in such are conduits for the findings presented here.

This dual methodological approach, tying together interpretive ethnography and grounded theory methods, opens the space for an in-depth, intuitive, and empathetic view on the critical enabling conditions and challenges faced by two entrepreneurs founding an INV. The reader is encouraged to explore and feel the critical enabling conditions and challenges Ayesha and I faced through our textured local voices instead of through survey-based, ‘objective’ monologues on variables taken to general theoretical conclusions that dominate the bulk of the research on social and international entrepreneurship, INVs, TMTs, and nascent professional consulting practices. Insights into the critical enabling conditions and challenges in the start-up phase of our INV are then offered through discussion of our findings grounded directly in our dialogues brought forward through engagement with an interpretive approach in grounded theory methods.

Building an understanding of critical enabling conditions and challenges through a poststructuralist interpretive ethnography, and utilizing an interpretive approach to grounded theory methods, works from an epistemological position that contrasts with the positivist, modernist epistemologies that assume the norm or statistically relevant is what is most valuable to glean (Denzin, 1997). The methodological approach to my research takes as a starting point Psathas’ (1995) treatment of each critical instance in a phenomenon under study as an occurrence that evidences the operation of a set of understandings of the phenomenon. Critical instances for Ayesha and I are the critical enabling conditions and challenges we define in creating 5i. Our rendering of such are delivered in the excerpts, culled through engagement with grounded theory methods, and in my discussions of these findings. Following Psathas (1995), whether these critical enabling conditions and challenges occur repetitively in 5i, occur in other new ventures, or are otherwise somehow statistically relevant to a more general population of new ventures is irrelevant. The question of collecting a representative sample from a population is not an issue for poststructuralists executing interpretive work in ethnography and grounded theory methods.

Poststructuralists reject the notion that a search for the generally applicable, timeless, abstract, and categorical is more important than telling constantly evolving and devolving, fragmented, shifting, local, and personal tales. “The plurality of language and the impossibility of fixing meaning once and for all are basic principles of poststructuralism” (Weedon, 1997: 82 cited in Hughes, 2002: 14). For poststructuralists, having partial, local knowledge is still knowing. As poststructuralists, we eschew the questionable meta-narrative of scientific objectivity and believe that knowledge rests in the voices and writings of speakers situated in the local phenomenon (Denzin, 1997). Further, it is not possible to say in advance of each reading what the instance is a sample of, nor is it safe to say that the same reading will be produced a second time. Each interaction with the text produces a new interpretation. Instead of presenting an analysis of critical enabling conditions and challenges set in predetermined categories derived from the literature, the poststructuralist, interpretive ethnography and engagement with interpretive grounded theory methods in this thesis define categories and generate meaning. Constructions are not built on some *a priori* framework, instead original interpretations of entrepreneurs and the reader’s listening ear are privileged over a rush to meet constructs and norms of an academic discipline; meaning is not sacrificed for analytical discipline.

In emphasizing raw dialogue from interpretive ethnographic accounts, and putting to use interpretive grounded theory methods, new kinds of findings are offered where the reader doesn’t encounter any difficulty in hearing our interpretations through our voices. To paraphrase Pablo Neruda (1970), this research has not eaten other research but feeds instead on Ayesha and my grounded experiences, thoughts, and feelings as two founding entrepreneurs as we confront the critical enabling conditions and challenges in the start-up phase of 5i. The remaining chapters in this thesis are filled with primary, not disciplinary citations.

Section II: Epistemological and Ontological Framing

This section explores my epistemological and ontological positions adopted in this research in three parts. In the first sub-section, the differences between the epistemological and ontological stances taken in traditional positivist research methods and those subscribed to in this research are discussed. The second sub-section characterizes the poststructuralists epistemological and ontological adopted in this research. Finally, in the third sub-section I look into the construction of an interpretive text.

CHARTING A DIFFERENT COURSE

The epistemological and ontological choices that give definition to this research differ from the modernist/functionalist perspective taken in most of the literature on entrepreneurship. The subjective, interpretative, creative, and autobiographical nature of research is ignored in the bulk of the literature on entrepreneurship in general and certainly in the literature on social and international entrepreneurship, INVs, TMTs, and nascent professional consulting firms. The interpretive cadence in the authors' voices are apparently muted, their feelings supposedly segregated from the text, and their evolving and shifting perspectives and interpretations thought to be reified and homogenized (Charmaz & Miller, 1997). The literature is dominated by academics situated in positivist epistemological positions. Inquiry, from the perspective of such positivists, begins with the presumption that a stable external social reality exists and that this reality can be recorded and analyzed by an objective, neutral scientific observer (Denzin, 1997). The typical journal article is based on probes of inquiry that permit a supposedly neutral researcher to accurately capture data, analyze it, and then reveal a discovered 'universal truth' in a 'world-out-there' (Denzin, 1997). If positivist methodological rules are followed successfully, a research text works to "bear witness to its own validity (authority)" (Denzin, 1997: 7). For positivists, a text is valid: if the data is sufficiently triangulated; sampling is robust; so-called 'neutral' 'unbiased' methods of collecting, analyzing and writing-up data have been employed; and so forth. As long as the academy believes the research has followed the discipline's rules for truth-making, the text's neutral author can announce his/her claims as valid.

Much of the literature I have encountered in the research streams related to TMTs, social and international entrepreneurship, INVs, and consulting practices; the field sites for this thesis, in my view, simply appears isolated from the local conditions of the phenomena it aims to analyze. Traditional academic approaches to the study of TMTs, social and international entrepreneurship, and nascent professional consulting practices rely, almost exclusively, on cross-sectional cuts into the role of specific sets of external and/or internal factors that are involved in the start-up phase in new ventures. Questions are designed to yield responses that can be articulated into easily handled variables, human beings and their actions are reduced to objects. The autobiographical, subjective discourses of the authors and interpretations of the voices of the entrepreneurs are hushed or missing altogether and entrepreneurs rarely get a chance to participate in the analysis and construction of their input.

These methods, and the epistemological and ontological positions that underpin them, limit our views into the relationships in the start-up phase of social entrepreneurial INVs. The traditional methods employed conform to the ideals of replicability, portability, and calculability and support models and analysis that rely on strict identity and difference based on the absence or presence of particular properties (Townley, 2002). “Historical variation is subordinated to a concern for the timeless and universal...The unchanging and general are extracted from the contingent and the concrete, promoting an abstract deductivism” (Townley, 2002: 555). One can see the creation of an INV and the workings of a TMT described without much detail on entrepreneurs’ evolving experiences, changes in entrepreneurs’ relationships, and other path dependent idiosyncrasies. Experiences are recorded in static ‘snapshots’ and coded into *a priori* conceptual systems. These systems seek generality to theory beyond the various local circumstances that inform them. The approach ignores the particular perspectives of entrepreneurs in the day-to-day practices of building socially entrepreneurial INVs in search of a generalised conception of social and international entrepreneurship, INVs, and TMTs in means-ends chains and causal relationships (Townley, 2002). The formation of rationality in these works lies in order or formal procedures, not in

the entangled web of intricacies and movements that define particular settings (Townley, 2002). I find it difficult to locate my own experiences as an entrepreneur in these bodies of literature.

Based on my experience as a successful ‘serial’ social and international entrepreneur and venture capital investor and a neophyte academic, I find the standard forms of academic knowledge-making in regards to social and international entrepreneurship, INVs, TMTS, and nascent professional consulting practices limiting from at least four of perspectives:

1. Following the philosophical works of Foucault, Heidegger, Derrida, Rorty, and others whose works ushered in the postmodern turn in the social sciences, it appears difficult to argue against the contingent nature of truth. The abstract, disembodied value-free voice of traditional academic discourse in the business disciplines is a fiction, perpetuated through writings which “remove evidence of a text’s author, as part of concealing the conditions of production” (Mykhalovskiy, 1997: 232). For me there is no ‘view from nowhere’; knowledge is always situated, it is always embedded in a position. That is, there is no ‘outside’, ‘objective’ position that can be taken. Knowledge is constructed through the self. The notion that a social scientist’s work about ‘others’ is not at the same time about, and deeply embedded in, the self of the ‘scientist’ and her/his values is for me problematic. The ‘scientific observer’ cannot be a neutral spectator. Truth is partial and depends on the interpretive framework of the viewer, it is an interpretation produced in contexts and shaped by values (Denzin, 1997). The researcher is in the research product. Claims to be able to deliver research from a transcendent, neutral position of authority, freed of moral choice and evolving perspectives and emotions rest on very shaky ground indeed. If you can’t eliminate the evolving subjective observer from the observations why not explicitly bring the researcher directly into the research? She or he is already there anyway and the individual, emotional, interpretive capacity enhances the researcher’s ability, not detract from it.

2. There also remain awkward questions on the validity and cultural transportability of predetermined and pre-coded questions that characterise the data retrieval and analysis methods employed in the positivist-oriented literature related to this research. There is a constant danger of bias through ignoring ethnocentrism, not just from the researcher coming from a different national culture, but also from the researcher being an academic schooled in a particular discipline. For example, the difference between my socio-cultural values as a male British/American dual citizen who at the time of initiating this research was in his late 30s and those of Ayesha, an Indian woman who during this research was in her early-30s, are significant, never mind the difference between our socio-cultural values and those with whom we are building our practice in Brazil, China, and India. If the backgrounds of researchers and the researched are not explored and exposed, there is a danger of ethnocentric bias. Access, engagement, time, thought, and reflection are all needed to discuss life histories, expose differences in perspectives, and, to construct an understanding of the critical enabling conditions and challenges grounded in the specific social, cultural, and physical setting. Much venture creation activity is invisible even to a trained participant, and only likely to become realised with the building-up of trust, and when taken from, and crafted with the consideration of, the perspective of participants.
3. The start-up is often explored in retrospect, gathering data from interviews with, or surveys on, firms that have completed various stages in their development. By only working with existing firms such research excludes those ventures that eventually result in termination. Therefore the bulk of the research, which comprises much of our knowledge of the venture creation process, suffers from selection bias. Efforts to examine start-up attempts after this phase is complete can also suffer from hindsight bias and memory decay. As Gartner (1993) points out, if we ask people for retrospective explanations of “What *has* happened” successful outcomes will most

likely be attributed to internal causes whereas unsuccessful ones will be attributed to external ones.

4. In addition to the problems created by the methodological limitations in the literature, the majority of the research on INVs, TMTs, and nascent professional consulting firms has relied to a large extent on samples based in the United States and Europe, with few examples coming from developing countries. Further, recent research into new ventures has focused on what have loosely been labelled as ‘high technology’ sectors with the computer (for example, Eisenhart & Schoonhoven, 1990; Zahra & Bogner, 1999), telecommunications (for example, Zahra, Neubaum, & Huse, 1997), and medical/bio-technology (for example, Zahra, 1996) sectors and firms based in select sets of urban areas in developed countries receiving a significant amount of attention. In the case of professional service firms, research has focused largely on established large multi-national professional legal and consulting firms (see Anand et al., 2005; Gardner et al., 2006; Lawrence et al., 2005) again based in metropolitan areas in Europe and the United States.

In sum, it is rare to encounter an article in *Entrepreneurship Theory and Practice* or the *Journal of Business Venturing* or other major journals in the field that does not mute personal discourse and the shifting perspectives of the author and participants, relying instead on cross-sectional, functionalist, retrospective methods to access knowledge on a limited number of sectors in distinct core urban areas of the small set of ‘developed’ countries. A first person, subjective, interpretative rendering may conflict with the search for what is defined as ‘objective’ or ‘value neutral’, articulated by the academy as desirable goals and make “poor capital...for intellectuals seeking recognition” (Charmaz & Miller, 1997: 194) within business disciplines in general.

I feel compelled to follow Bochner and Ellis (2002), Denzin (1997), Ellis (2004), Ellis and Bochner (2000), Goodall (2000), Mykhalovskiy (1997), Richardson (2000), Sparkes (2002), and others in the interpretive ethnography community in writing

narrative, evocative dialogic texts that show human beings, including ourselves, in the process of creating, negotiating, and performing meaning...making our way through a world that poses obstacles, interruptions, contingencies, turning points, epiphanies, and moral choices (Ellis & Bochner, 2000: 748).

By Ayesha and I speaking into existence the critical enabling conditions and challenges we faced in starting-up 5i in our journals and multiple, in-depth discussions over time, bringing our voices and perceptions as co-founders directly into the research, and then discussing our discourses and jointly cobbling them into pragmatic, middle-level theoretical findings grounded in our words, I hope I am able to tell our local story in a powerful and empathic way. This research also operates in a relatively open space by looking into the start-up phase of a social entrepreneurial INV that is registered in India and operated in remote rural regions of Brazil, China, and India; offering a view with a rural perspective from a developing country.

ADOPTING A POSTSTRUCTURALIST POSITION

This thesis begins from a poststructuralist epistemological position. For poststructuralists meaning is crafted in language. Language produces meaning and creates social reality; “language constructs the individual’s subjectivity...What something means to individuals is dependent on the discourses available to them” (Richardson, 2000: 929). Poststructuralists “see social life as a series of texts that can be read in a variety of ways. Because of this multiplicity of readings, there is, therefore, a range of meanings that can be evoked. Moreover, through each reading we are producing another text” (Hughes, 2002: 18). To paraphrase McGinn (1997), for poststructuralists language, and therefore ‘truth’, is inextricably bound-up in the active practical lives of the speaker. “Discourse does not reflect a situation, it is the situation” (Clarke & Holquist, 1984: 204 cited in Denzin, 1997: 37). For postructuralists, language constructs rather than describes reality (Weedon, 1997). The

subject is constituted and re-constituted in language. As perceptions are continually in flux, meaning is ever-changing and thus can never be accurately reified.

Poststructuralists reject the dominant positivist notion that a search for the generally applicable, timeless, abstract, and categorical is more important than telling constantly evolving and devolving, fragmented, shifting, local, and personal tales (Hughes, 2002).

Qualitative writers...don't have to try to play God, writing as disembodied omniscient narrators claiming universal, atemporal general knowledge; they can eschew the questionable meta-narrative of scientific objectivity and still have plenty to say as situated speakers, subjectivities engaged in knowing/telling about the world as they perceive it (Richardson, 2000: 928).

From a poststructuralist perspective, there are as many narratives of truths as there are speakers. One is defined by and in these narratives and one's being shifts with the various narratives through which one is spoken into existence. Therefore "experience (constructed in dialogue) is the site of subject formation" (Hughes, 2002: 154). Experience is both an interpretation itself and a site for interpretations.

One of the core elements of poststructuralist research practice is reflexivity. For poststructuralists, reflexivity does not simply mean thinking about what has been constructed in dialogues but rather acknowledging that as we interpret we simultaneously construct (Hughes, 2002). Therefore putting the voice of the researcher back into the research with the autobiographical 'I' is a must, showing how the research and analysis process is always a personal one and giving "a warning about the objectivity of the account by indicating the role of subjectively located knowledge" (Hughes, 2002: 167). Poststructuralism thus directs us to "understand ourselves reflexively as persons writing from a particular position at specific time...Nurturing our own voices releases the censorious hold of 'science writing' on our conscience" (Richardson, 2000: 929).

In sum, the research methods that form the basis for this thesis challenge the traditional subject/object dichotomy and the possibility for the researcher to take a stance as a neutral and

dispassionate observer. I operate from the poststructuralist assumption that all representations are partial, partisan, and problematic. What counts as relevant in the ethnography depends on where you stand, how you participate, what you believe about it, and what you do with it. Research arises from our positions and is crafted by our personal, political, and poetic processes. I hope to adequately situate the investigation within myself and within those places and events where the rules are being interpreted and explore how the practices are entwined with the resources for their enactment (Hughes, 2002). I reject the search for absolute truth and pursue a form of narrative truth. “What was previously unrepresentable (the writer’s experience) is now what is presented” (Denzin, 1997: 215). The division between the personal and scientific self falsely assumes that it is possible to write a text that does not bear traces of the author (Denzin, 1997). This is impossible, all texts are personal and mine is implicitly so. My text makes Ayesha and my experiences central to the topic at hand and I believe that our personal experiences are worth sharing with others. I hope that as the author I have not put myself so deeply into this text in a way that it squeezes out Ayesha’s voice and becomes narcissistic or egotistical. Although the construction of her voice in the text is partially mine, the voice and the foundation for these constructions remains hers and she has participated in defining how and where they are included.

PRODUCING AN INTERPRETIVE TEXT

As a poststructuralist writing in a postmodern era I work to infuse my research with dialogue that constructs Ayesha and my lived experience as co-founders in our firm. For me knowledge is rooted in my linguistic construction of the world. As an interpretive, poststructuralist ethnographer, I work towards the creation of a text that evokes my subjective, emotional autobiographical voice as well as the voice of Ayesha, as we work together to convey the critical enabling conditions and challenges we faced as co-founders in the start-up phase of 5i. My concern is with the context dependant nature of the transient, multiple meanings we create in our dialogue. The text of this thesis is situated in many dialogues between us and in multiple reflexive musings on the critical enabling conditions and challenges that are their subjects. It is sensitive to the multiple realities we construct and to

delivering our multiple interpretive experiences over time (Denzin, 1997). This is the most powerful way I can find to convey and interrogate our experiences in the challenges and enabling conditions we perceive as critical in the start-up phase of 5i.

Writing for and about the community in which we work, Ayesha and I construct different perspectives from different positions. We are vulnerable, experiencing subjects working to co-produce knowledge and we rely on a collaborative, reciprocal, trusting, and friendly relationship. We appear as individuals who deliver fragmented, layered self-conscious dialogue on our critical enabling conditions and challenges based on individual and shared emotional experience through the testimony of personal narratives and first-person voice. We shy away from generalizable abstractions and unified knowledge to weave a fabric of interpretations of personal lived experiences that I develop into a reflexive text filled with two perspectives, two voices, unsettled meanings, and lots of local knowledge. We both use emotional and introspective recall to understand and give voice to our experiences in our journals. In our conversations we strive to create tales which show the complexities of our lived moments of struggle as we initiate and develop 5i.

As an author in the process of creation “constantly transform and defer that which is being described...There can never be a final, accurate representation of what is being meant or said-only textual representations of different experiences” (Denzin 1997: 5). Research and writing for me are processes of inscription, evocative acts of creation and representation, not objective truth-making. I renounce any desire to produce an externally valid or authoritative text from a supposed position of objectivity or neutrality instead striving to destabilise my position working to develop a nonlinear, open, ‘messy text’ with multiple centres and realities in two fragmented emotionally-charged voices yielding two constructions of the critical enabling conditions and challenges we faced in our creation and infancy. It is understood that both Ayesha and my experiences exist only in our representations; our dialogue and my work with interpretive autoethnography and with grounded theory methods described in this thesis asks

readers to participate in my re-creations while they themselves construct interpretations of my interpretations.

Ayesha and I move our respective interpretations of our local truths through dialogue. This method un-hinges any notion of the potential for one stable truth about the critical enabling conditions and challenges we faced in starting-up 5i. The tactic is designed to plunge the reader into Ayesha and my interpretations of our lived experience. The dialogue in my text is guided by both our experiences in 5i and uses these experiences of our separate ‘selves’ to analyze and critique perspectives on the start-up of 5i. As lived textualities, our dialogues recover the dialogical context of meaning (Denzin, 1997). I seek to produce a text that gives voice to subjective embodied perspectives, bringing the reader into the shifting and fragile worlds of our experiences.

Positivists may reject the text offered in this thesis as it fails to use methods of verification common in the business disciplines such as triangulation, random samples, representative texts, and so-called neutral, unbiased methods of collecting, analyzing and writing-up data. This thesis aspires to another set of criteria, namely; intimacy with the subject matter, delivery of shared experience, development of narrative truth, verisimilitude, and the treatment of facts as social constructions. These are the criteria Denzin (1997) sets out for interpretive ethnographers. Such work must embody and seek a truth that is

always personal and subjective...narrative, deeply ethnical, open-ended, and conflictual, performance, and audience based and always personal, biographical, political, structural, and historical...There are no stories out there waiting to be told and no certain truths waiting to be recorded; there are only stories yet to be constructed (Denzin, 1997: 266-267).

SELECTION OF METHODOLOGY

In the previous sections I have discussed my selection of a combination of interpretive strands in ethnography, autoethnography, and grounded theory methods to investigate the enabling conditions and challenges Ayesha and I interpreted as critical in the start-up phase of 5i. In this sub-section, I briefly outline why I did not consider other methods. My point of departure

in considering methodologies was a poststructuralist epistemological and ontological standpoint and the belief that Ayesha and my voices, as 5i's founders and managing directors, could contribute to an understanding of the entrepreneurial processes in the creation of our firm. I was searching for a method that would open the space for Ayesha and my intuitive and spontaneous reflection on our individual and shared experiences in the creation of 5i, relating our interpretations of the intricate local details of the creation of 5i through moving dialogues, while also investigating how what we had to say might relate to others. In preparing for my research, I was interested in a method that would permit me to log both Ayesha and my voices and the fine grained information we could relate on the start-up phase of 5i as well as generate a grounded look at some of the theoretical threads spun in our the social processes.

Quantitative methods did not appear to make sense to me. I have mathematical training in stochastic methods and other advanced non-linear mathematical techniques of analysis as well as the advanced calculus and statistics these techniques require, but I was not familiar with quantitative methods that can capture the interpretations and social contexts that I was interested in documenting in my research. How do you capture the local, textured voices of entrepreneurs with quantitative methods? Quantitative methods work well when analyzing large samples and quantitative data sets and can tell powerful, succinct stories through tables, charts, graphs, and statistical analysis and simulations. However, through these methods I saw no room for telling Ayesha and my local stories on what we interpreted to be the critical enabling conditions and challenges in the start-up phase of 5i. Thus, quantitative approaches were eliminated as they did not open the space to hear Ayesha and my local conversations, the site I selected for my research.

In considering qualitative methods, my epistemological and ontological perspectives helped me to immediately eliminate methods that worked to cleanse the subjective and/or required a move to analysis that strived towards objectivity. I was also not concerned with traditional notions of 'reliable information' as - in accordance with my poststructuralist stance -

perspective, selective memory, and subjectivity cancel any hope that objective, information is ever possible. Methods that relied on triangulation, such as compiling interviews that would then be analyzed to uncover agreed upon 'truths', or other positivist or naturalist tools that work to confirm the position of an objective 'truth' were discarded. I also wasn't after a method that positioned me as an independent observer generating and analyzing data. Beside the problem such a stance yields on an epistemological level, I felt I had something useful to say about 5i's start-up process as a co-founder in 5i, and wanted a method that permitted me to speak. I was interested in relaying a local story, not in making research claims that espoused in any way to be free from the local and temporal conditions of production.

I did consider conducting multiple in-depth interviews over time with multiple actors, integral in 5i's start-up phase. I did not consider this method in an effort to increase the robustness of the findings or to triangulate perspectives in hopes of coming up with consensus, but instead to increase exposure to voices local to 5i's start-up process. In the research text it simply would have been informative to hear the voices of others actors in Ayesha and my network, who were central to the start-up process of 5i. However, I wrote this off as impossible given the rather busy schedules of this group of actors. Conducting a series of in-depth interviews necessary to document the social processes in the creation of 5i would have been very expensive and difficult to coordinate as these actors were spread across three continents and most were involved in multiple international development programs, and so travelled often. Given restricted funds and travel schedules and - the not so insignificant issue that most of the time I spent with them when we were conducting business related to 5i was paid for by program accounts - it would have been very difficult to coordinate the series of in-depth interviews necessary to introduce their interpretation of 5i's start-up processes, over time, into this research. Further, interviews seemed like too restrictive a format, while interpretive ethnography and autoethnography offered space for formal and informal reflection at any time. For example, journals permit the voice of the entrepreneur to make up their own pathways and allow space for open reflection and contributions day or night. However, in considering that I thought my asking Ayesha to keep a journal and participate in a series of

dialogues was a serious imposition, I did not take the liberty to ask other actors in our network to do the same, especially as I knew how little time they already have for activities outside work. Therefore, I would have been limited to collecting shards of information in short interviews with these actors. I was interested in documenting the social processes and it would have been difficult to see such processes through these shards. I just didn't feel that I could dig into the social process through these methods.

At the end of my search, the question of which methodological approach fit best became clear. I wanted to collect Ayesha and my interpretations of intimate details of our start-up process and deliver that shared experience in our voices, autoethnography and ethnography seemed like the correct choices. I had been reading ethnographic and autoethnographic health narratives, prior to engaging in my research for this thesis, and I knew that interpretive strands in ethnography and autoethnography could be powerful tools to share voices screaming the rich details of personal experiences and social processes. But, I also wanted to see if I could analyze the stories without violating their sanctity. In reading sets of autoethnographic and ethnographic narratives compiled by Boucher and Ellis (2002) I discovered a reference to Charmaz's work on interpretive grounded methods. I read a few of her articles and found the interpretive strand of grounded theory methods she practiced fit with my epistemological position and my desire to bring our voices forward, while also permitting me to draw some theoretical conclusions. Thus, I set about to learn how to code and tease data with interpretive grounded theory methods to yield specific themes grounded in ethnographic and autoethnographic accounts and to provoke my findings grounded in these texts to pragmatic theory. In the end, this thesis offers a new hybrid methodological approach that combines interpretive accounts with interpretive ground theory analysis. Hopefully, these methods work to convey the process of creation in a local practice, in the voices of the practitioners.

Section III: Methodology

This section details my engagement with the two methodological tacks, interpretive ethnography and interpretive grounded theory methods, pursued from a poststructuralist perspective in the research presented in this thesis.

INTERPRETIVE ETHNOGRAPHY

Introduction: The methodological approach selected for this thesis begins in interpretive ethnography. In recent years ethnographic methods have gone through a critical re-thinking and key concepts in the traditional applications of these methods have been placed under scrutiny. The value of ethnographic fieldwork has been confirmed but the naturalistic accounts that constitute traditional ethnographic renderings and their positivist epistemological and ontological underpinnings have been called into question. The work of poststructuralists, especially poststructuralist feminists such as Christina Hughes and Chris Weedon, has yielded a strong critique of traditional ethnographic writing and rhetoric and opened the space for new interpretive approaches to writing ethnography. The interpretive space in ethnography has been populated with the writings and critiques of Art Bochner, Norman Denzin, Carolyn Ellis, Bud Goodall, Laurel Richardson, and many others.

The primary aim of interpretive ethnography, as with other approaches to ethnography, is to describe how people construct the worlds which they inhabit. However, in the past, it was thought to be possible and desirable for a researcher to ‘observe’ and ‘describe’ research subjects from a neutral position and to objectively portray the ‘truth’ about how they live through the development of ethnographic accounts. As discussed in the previous section, the postmodern turn and poststructuralist perspective challenge the validity of this approach. The idea that transcendent values, methodological principles, and reference points might somehow ground knowledge claims has been rendered null and void under the aegis of poststructuralism. As discussed, for poststructuralists ‘reality’ is not some ‘thing’ that can be mapped and ‘triangulated.’ Poststructuralists reject the notion of a fixed ‘social reality’ and the possibility of a ‘neutral’ observer. For poststructuralists, there are no overarching

ubiquitous privileged viewpoints from which assessments can be made. We can only understand the world in partial, specific, and local ways. Following Nietzsche (1967: 3.12), “there is only a perspective seeing, a perspective knowing.” The world is fluid, changing, as well as inherently complex and fragmented. In the absence of a stable universal frame of reference, we are left with a plurality of perspectives.

Ayesha and I begin this research as a ‘complete-members,’ we are exploring a phenomenon which we are already a part of prior to the research. We are, in essence, “the phenomenon being studied” Ellis and Bochner (2000: 741). We are both practicing professionals in the field that serves as the location for this research. Our intuition is anchored in our familiarity with the entrepreneurship we practice and, when combined with our explicit knowledge on the subject refined through years of experience, it helps to assist in the recognition of critical enabling conditions and challenges in our start-up phase, identification of topics for our discussion, and structuring our dialogues. Our current practice and experience base also helps in the subconscious processing of information, we are able to work quickly through the data. Finally, our storehouse of tacit and explicit knowledge on entrepreneurship helps in refining our sense-making experiences, our experiences attune us to nuances. Our know-how and knowledge certainly influence our perceptions. From an interpretive standpoint this is a given in all research, it is simply the job of the researcher to make these explicit and, if possible, utilize such to strengthen the insights offered to the reader.

Building an Interpretive Ethnography: My interest as a poststructuralist, interpretive ethnographer is to detail what Ayesha and I perceive as the critical enabling conditions and challenges in the start-up phase of 5i. In December 2003, I initiated an interpretative ethnographic account of such. I executed my interpretive ethnography in three stages: (1) *negotiation of entry*, (2) *development of the ethnographic account*, and (3) *writing-up*. A brief summary of my engagement in each of these stages is presented below.

Negotiation of Entry - Interpretive ethnographic methods demand significant access, time, and engagement with the processes under study. Fortunately access was not a problem. After some discussion, Ayesha and I agreed it would make sense to document and investigate our critical enabling conditions and challenges and that interpretative ethnography was the appropriate starting point for developing an account of such. At least two perspectives informed our decision.

1. I had a commitment to our foundation and government clients that I would share the knowledge and insights gained through our creation and infancy. By presenting in this thesis our experiences with the critical enabling conditions and challenges in the start-up phase of 5i, through local detail that is the hallmark of interpretive ethnography, I hope to open our experience to all interested others.
2. I felt that our interpretative interrogation of, and reflection on, the critical enabling conditions and challenges we faced would benefit our firm at both a transaction and strategic level, challenging our assumptions and exposing us to possible new pathways.

Given the aforementioned agreement on rationale and initial methodology, Ayesha graciously agreed to grant me open access to all our corporate documents, including e-mail, and permission to tape our strategy sessions as well as directed and open-ended discussions on the critical enabling conditions and challenges we encountered for the 18 months that constitute the post-registration phase in the research period. In addition, she agreed to record, in a journal, her thoughts on the critical enabling conditions and challenges over a four month period in our start-up phase.

In order to make sure that our government and foundation clients were also comfortable with my approach, I initiated discussion with officers from the same in December 2003. Our clients agreed that the research would be valuable and our government client offered to

partially sponsor my tuition, an offer I accepted. This was a generous offer as it would have been impossible for me to conduct fieldwork for an extended period of time without such support. 5i's British Government client sponsored the coverage of my tuition at WBS from 2002 to 2004.

Time and engagement with the process were more of a challenge. It is remarkably difficult to co-create and manage a successful INV based in New Delhi, India, that operates in the remote rural regions of the Indian Himalayas, northeastern Brazil, and south-western China while working on your PhD at a university in England with your family living on the outskirts of Washington, DC, in the United States. Please see the Acknowledgements and Chapter Three for further coverage of these matters.

Developing an Interpretive Ethnographic Account - From January to April 2004, Ayesha and I kept journals in which we explored what we felt were the critical enabling conditions and challenges in the start-up phase of 5i. Following the completion of our journals, we engaged in a little over 130 hours of intensive discussions on the critical enabling conditions and challenges we faced over first the six months prior to registration and then in the 18 months which constituted the post-registration period in the start-up phase of our firm. I taped and transcribed our core discussion sessions. At the same time I kept a set of field notes. In the field notes I recorded my nuanced interpretations on, and exploration of meaning in, the critical enabling conditions and challenges and pursued hunches, noted ambiguities, raised questions, and clarified ideas. These activities constituted the second phase in data gathering. I also sorted and then compiled relevant e-mail correspondence between Ayesha and me. I then cobbled together a loose and messy interpretive ethnographic account presenting our dialogue on the critical enabling conditions and challenges in the start-up phase of 5i from the journal entries, e-mail correspondence, field notes, and transcriptions of our discussions. The account provides a contextual base for understanding and interpretation that is not present in traditional positivist forms of qualitative inquiry where researchers reveal little about themselves, their thoughts and perspectives, it is essentially a narrative based in our

monologues and dialogue as co-founders. A brief description of the steps taken in constructing the accounts is provided below.

Keeping Journals: Our journals provide detailed chronological and impressionistic accounts of our experiences, thoughts, interactions, feelings, inferences, wonder, worry, and actions in the start-up phase of 5i. We did not simply turn through each week's events in our minds, but actively put our intellectual and emotional selves into our journals. We both also wrote spontaneous personal notes in our journals, opening a place for intuitive engagement with our private, intimate thoughts on the enabling conditions and challenges we encountered as well as reflection on their meaning in our lives. The personal entries contain random musings, stories, and feelings and are not chronological or governed by traditional narrative conventions. In our journals we also reflected back on our work prior to registration, thinking through 5i's first six months of existence in 2003. As the journals were written independently, the research logs two independent voices and perspectives. In sum, in our journals we first focus on the outward and transactional aspects of our experience and then we look inward on our thoughts and feelings that are moved by, and through, our engagement with the enabling conditions and challenges we encountered. The functional accounts provide exterior details on the critical enabling conditions and challenges and the personal entries give some clues to the emotional territory. In so doing we are making ourselves vulnerable, opening-up and making visible to the reader our experiences in starting-up a new venture. Writing the journal entries and reflecting on them also helped us shape our discussions, answering some questions and posing others.

Directed and open-ended Discussions: From April 2004 to October 2005, Ayesha and I engaged in a set of in-depth discussions on the critical enabling conditions and challenges we faced in the start-up phase of 5i. Some of these discussions were structured and directed and others were open-end, free-form conversations. Sometimes the discussions and conversations took place in the midst of confronting critical enabling conditions and challenges and other times we took time for reflection. The advantage of discussing a challenge close to the time

of the event is that it doesn't take much effort to access the lived experience with all the constituent intense emotions and feelings. The disadvantage is that being so involved it is difficult to get outside the experience to gain a bit of perspective. Sometimes Ayesha and I fervently discussed the creation experience while we were in the event, when our thoughts and feelings were running hot. At other times we also went back to the events in directed discussion sessions, when we were a little more emotionally distanced and had time to allow ourselves to resonate with our own, and each other's, position and reflect on them.

Our discussions on our critical enabling conditions and challenges were similar to the "conversation that occurs between musicians when they are playing jazz" (Humphreys, 2003: 6) in that they were a means of self-expression and self-disclosure. In defining and discussing the critical enabling conditions and challenges together we learned each others tunes and sometimes refracted and other times reflected the other's performances. We learned a lot by interacting with each other, constructing, re-constructing, and analyzing our tales together instead of relying on one shot, one way inquiry that constitute traditional methods of interviewing to record data. One person's disclosure and self-probing invited the other's disclosures and self-probing. Interpretive, poststructuralist scholarship acknowledges and opens the space for "the 'double subjectivity' (Lewis & Meredith, 1988) that abounds, how each participant's attitudes, feelings, and thoughts affect and are affected by the emerging, reciprocal relationship" (Ellis, Kiesinger, & Tillmann-Healy, 1997: 123). Ayesha and I had known each other and worked closely together since 2001, our close relationship made it possible for us to probe deeply into one another's feelings, perspectives, and thoughts. Our approach to discussions was flexible and continually guided by the ongoing interaction. Such collaborative work breathed a transformative excitement into what was initially going to be a more isolated way of researching critical enabling conditions and challenges. It was also a humbling experience and I cannot begin to repay the commitment, time, and effort Ayesha devoted to this stage in my research. Working together led us both to a greater understanding of our own perspective, but also more in-depth descriptions for the reader.

Detailing the critical enabling conditions and challenges in the start-up phase of 5i through dialogue and journals offers a view from outside the mainstream literature on entrepreneurship. Our discussions do not present the results of research on others. Nor do they reach for the heights of theoretical abstraction, nor present evidence in test of a hypothesis. The focus on dialogue violates the criteria for a good positivist story; it is not a rational discourse that moves from a concise hypothesis through its examination to a conclusion. Our accounts of critical enabling conditions and challenges are not told by a single, neutral narrator, but instead engage us through two voices. The intent of these moves is to create an open text that relates Ayesha and my tales, built through dialogue on our lived experiences as co-founders.

Writing-up - The ethnographic write-up is a way to gain narrative control over a process that would otherwise remain under-examined. I created loose and messy ethnographic compilations based on transcribed discussions, e-mail correspondence, and journal entries that documents Ayesha and my dialogues, both internal and external, on the critical enabling conditions and challenges we faced. There is no textual formula in my ethnographic write-up but rather its structure is governed by the weave of our monologues and dialogues. During the process of typing in what I recorded on the tapes, in e-mails, and in our journal entries and noticing patterns I mixed our anecdotes with reflections from my field notes where they seemed appropriate. When patterns emerged on the critical enabling conditions and challenges I followed them. I connected my lines of reasoning and intuition, and then interrogated them. These tactics yielded an interpretive ethnographic account which gives space to our voices and, hopefully, provides the reader with an understanding of the multiple facets of a core set of critical enabling conditions and challenges encountered in the start-up phase of our firm. The next section explains how interpretive grounded theory methods were used first to help work the patterns that emerged and then to craft them into findings.

Engaging with Autoethnography: In-keeping with the autoethnography and interpretive strands in ethnography, as the author I wrote the ethnographic account in the first person,

making me and my processes an ‘object’ of the research. In using my own voice, I free myself from the traditional conventions of writing that posit a false alienation of my ‘self’ from the text. This position permits me to express the complexities and difficulties of creating, coping, managing, feeling, and defining the critical enabling conditions and challenges in the start-up process, showing changes over time as I struggled through this experience. Autoethnography is, in essence, the researcher’s personal story, but this story can be, and in this case is, used reflexively to think about the social nature of my experience. Hopefully I’ve been able to merge the subjective autobiographical with the socio-cultural so that the personal does not become solipsistic and my writing is not marred with narcissistic qualities, permitting me to avoid the charge of self-indulgence sometimes levied at autoethnography.

The traditional views in ethnography, which argue that the inclusion of the ‘self’ in an academic text is a contaminant and any writing about the ‘self’ is a self-indulgent process, simply “reinscribe ethnographic orthodoxy” (Sparkes, 2002: 215). The social analysis accomplished by this interpretive ethnography is based on the assumptions that it is possible to learn about the social from the autobiographical as the self is a social phenomenon. “If culture circulates through all us, how can autoethnography be free of connections to a world beyond the self?” (Bochner & Ellis, 1996: 24). The conclusion is that it cannot, rendering absurd claims raised on this basis about the self-indulgency of autoethnography (Sparkes, 2002). Whether engaged in autoethnographic writings of diaries or in memo-writing, I am writing a social, as well as an individual, experience. The elimination of the false dichotomies of self/other, individual/social is a challenge to which this work aspires.

By including Ayesha’s voice directly and involving her in the research and data analysis, this work moves beyond traditional autoethnography by intertwining my story with hers’. I open the space for Ayesha to develop and participate in the initial analysis of her own story. I believe that by including both our experiences we deepen the story, opening more space for knowledge creation through both individual and interactively produced meanings. Through

our dialogues in our journals and discussions we learn to understand the meanings and significance of an incomplete, tentative, and contingent lived experience of the start-up phase of 5i. The dual autobiographical and shared nature of the dialogue does not however work to deploy a calculative reasoning in which the phenomena of entrepreneurship are reduced to interplays of variables by neutral voices that are somehow validated through movements to triangulation. We do no service to ourselves or our disciplines by only telling ‘scientific’ tales in muted or silenced voice of authority or in searching for triangulation in the notion of a ‘reality’ that is not fixed (Charmaz & Miller, 1997).

There is “merit in audible authorship” (Charmaz & Miller, 1997: 194); we must acknowledge if not celebrate the creation of our voices of ourselves as authors and participants in the research. The inclusion of the voice of the researcher and researched has a place in qualitative research when research methods take seriously the commitment to use all we can of our capabilities to communicate to our audience what it is we perceive. As interpretive poststructuralist ethnographers we do not “pretend that our stories report autonomous truths” (Charmaz & Miller, 1997: 194). Our challenge is to involve the reader in our perceptions of our lived experience and subjective, audible voices that emerge from our dialogue can serve to convey messages and insights on how we construct phenomena which we are constructing. Interpretive ethnography encourages the development of dialogues that allow the voices of the researcher and researched to be heard.

INTERPRETIVE GROUNDED THEORY

Introduction: The term ‘grounded theory’ denotes both a *method of inquiry* consisting of methodological strategies and the *product* of that *method of inquiry*. However, the term is most commonly used to specify a general ‘mode of analysis’ that encompasses a set of flexible, inductive guidelines for analyzing, synthesizing, and conceptualizing qualitative data to develop a theoretical account of the substantive features of a topic while simultaneously grounding that account in empirical data (Charmaz, 2001; Locke, 2001). A researcher putting to use grounded theory starts with an initial topic to explore, engages with methods such as

interviews or ethnography to gather data on that topic, and codes and categorizes the data. Initial concepts are developed in coding the data. Further data is collected and the initial concepts are re-coded and refined into conceptual categories, which are explored through memo writing and theoretical sampling. The theoretical themes that emerge in the categories in memo writing and reaffirmed in theoretical sampling are then used to construct pragmatic theories that synthesize and deliver what is taking place within the data.

Rooted in *The Discovery of Grounded Theory* authored by Barney E. Glaser and Anslem L. Strauss and published in 1967, the central thrust of grounded theory is to produce findings and pragmatic, middle-level theories (Charmaz, 2003b.) directly from systematic analysis of empirical data. Pragmatic middle-level, or what Glaser and Strauss (1967) call ‘substantive’, theories operate at a level of abstraction midway between empirical data and formal theory. Locke (2001) uses ‘decision-making’ and Glaser and Strauss (1967) use ‘patient care’ as examples of the intellectual space occupied by middle-level theories. The start-up phase of INVs involves a set of enacted processes such as ‘team work’ and ‘networking’ that operate in the realm of middle-level theories. The domain of middle-level, pragmatic theorizing is held in contrast to formal theories which work at a higher level of abstraction constituted in research spaces such as ‘deviant behavior’ (Glaser & Strauss, 1967) or ‘systems theory’ (Locke, 2001). Locke (2001) however cautions us not to constrain our notion of pragmatic middle-level theory to the theoretical configurations that invite schematization prevalent in the management literature, but rather to develop grounded middle-level theories by working through findings in a manner that suits the data, arguing that dialogues from ethnographic accounts, as presented in this research, can be equally plausible vehicles through which to deliver theoretical messages.

There are a number of reasons why grounded theory is particularly appropriate to researching the start-up phase of INVs. First, grounded theory is well suited to capturing complexity in the processes of organizational evolution because of its focus on developing detailed, empirically-based multifaceted accounts of organizations in context (Locke, 2001). Second,

grounded theory links well to practice. A concern with substantive issues, a respect for tacit knowledge, and an insistence on usefulness in practice as a criteria of good findings, in lieu of working to higher levels of abstraction, can all help entrepreneurs recognize matters of concern in their own practice and see how they might change them (Locke, 2001). Third, the empirically-based data collection methods and ‘in processes theorizing’ make grounded methods particularly useful in new areas of research like the TMT in the start-up phase of a social entrepreneurial INV executing professional consulting services, where theories in the literature require fine-tuning.

Glaser and Strauss (1967), in their landmark text, developed their approach to grounded theory from a narrow positivistic epistemological base. They assume ‘an’ external ‘reality’ independent of the researcher and position the researcher as a traditional ‘scientific’ explorer; a neutral observer discovering and cataloguing data within the world, reducing qualities of human experience to quantifiable variables. For Strauss and Glaser, conceptual categories are observed in and collected from an external world which is positioned as separate from the scientific observer and their methods (Charmaz, 2003b.).

In this thesis, I follow the interpretive, poststructuralist strand in grounded theory developed by Kathy Charmaz (2001, 2003a., 2003b., 2004) and Charmaz and Mitchell (2001).

Beginning from an interpretive poststructuralist approach, my research moves beyond the positivist underpinnings of the classic works by Strauss and Glaser and those later works emanating from Strauss’s partnership with Juliet Corbin (1990, 1997, 1998). The interpretive, poststructuralist paradigm in grounded theory is “distinguished by an interest in understanding the world of lived experience from the point of view of those who live it” (Locke, 2001: 8). The concern is with a subjective reality. “Researchers working in this paradigm focus on particular situated actors who they construe as composing meaning out of events and phenomena through prolonged processes of interaction that involve history, language, and action” (Locke, 2001: 9).

For interpretive practitioners of grounded theory methods, social reality is not a given; it is built up over time through shared history, experiences, and communications in a dialogue between the researcher and the researched. I believe that we create the research setting by engaging in it and actively interpreting it while adopting a reflexive stance on modes of knowing and representing constructions. That means giving close attention to our collected rendering of ‘realities’ *and* locating ourselves in these renderings (Charmaz, 2004). I do not assume, as Strauss and Glaser did, that data simply awaits discovery in an external world or that methodological procedures can correct limited views of the studied world. Nor do I follow them in assuming that impartial observers create the research scene without an interpretive frame. In short, we share in constructing what we define as data. The entire research process is interactive in the sense that we bring past interactions and our current interests into our research and we create our empirical materials and emerging ideas as well as the institutions and cultures we operate in (Charmaz, 2004). Neither data nor ideas are objects that we passively observe and compile. “Knowledge making is fundamentally an act of interpretation” (Locke, 2001: 4). Thus, as made clear in the previous discussions on frames of reference, my theoretical analysis is conceived as fundamentally interpretive renderings of a reality, not as objective reporting on it. Priority is placed on the studied phenomenon rather than the methods for studying it, employing interpretive grounded theory strategies and guidelines as useful tools, not as rigid reductionist, mechanistic, prescriptions. It is hoped that this way of engaging with grounded theory opens a window into human experience that may be more difficult to access using the atomizing, reductionist techniques of the more traditional approach to grounded inquiry offered by Glaser, Strauss, and Corbin.

My engagement with interpretive grounded theory methods begins from the premise that I cannot enter a particular setting from an objective point of view. Knowledge making is an experiential process not a diagnosis of some independent reality. What is heard or observed depends on interpretive frames and the biographies and interests that drive Ayesha and me. The meaning in developing a new organization is not given in some mechanized description of how certain parts come together but rather concepts like ‘networks’ and ‘teams’ arise out of

our interpretations of our experience in context. Our interpretations can evolve over time as contexts change. The grounded theory analysis offered in this thesis is based on extensive fieldwork and an ongoing reflexive process in which Ayesha and my voices and interpretations are included not just in the ethnographic dialogues but in its coding, comparison, category development, and the development of ideas. In this way it is hoped that multiple frames of reference are introduced not just in the interpretive ethnographic text but in the interpretive analysis as well as. This is a flexible yet systematic approach to research; guided by open-ended, interpretative analysis and creative theorizing based firmly in empirical data.

Interpretive Grounded Theory in Practice: This section looks into my engagement with interpretive grounded theory methods, exploring how I harnessed the six core methodological strategies that span most variants of the method: (1) establishing guiding interests; (2) gathering data; (3) coding data; (4) memo-writing; (5) theoretical sampling; and (6) writing-up/linking conceptual findings. Building on Charmaz (2001, 2003b., 2004), the distinctive features of interpretive grounded methods include: (a.) simultaneous engagement in data collection and analysis; (b.) pursuit of emerging themes through early and ongoing development of analytical codes and categories from data, not from preconceived hypotheses; (c.) inductive construction of categories clarified and expounded through memo-writing; (d.) returning to the field to theoretically sample, check, and refine conceptual categories to aid in theory construction; (e.) delaying any engagement with the literature - if deemed appropriate - until the aforementioned are all complete; and (f.) weaving interpretations into pragmatic findings.

1. Establishing Guiding Interests - Grounded theorists usually begin with a guiding question and a 'sensitizing area of interest' that gives ideas to pursue and sensitizes you to ask particular kinds of questions (Charmaz, 2003b). The research in this thesis began with my interest in what happens in the start-up phase of 5i. I have been interested in INV creation and development for the last fifteen years or so. My interest began in 1990 when I worked

with the Solar Energy Industries Association with the responsibility for helping members understand and access programs in Washington, DC, offered by multi-lateral and bi-lateral finance and development institutions to support INVs and joint ventures in Latin America and Asia. I then managed a trust fund that made investments in the start-up phase of renewable energy-based INVs, went on to complete a master's thesis on institutional structures and incentives in a foundation working in the rural northeast of Brazil, worked for a managing consulting firm designing investment funds that finance INVs in the renewable energy and energy efficiency sectors in Brazil and India, and ran the finance unit of a global non-profit that focused on setting-up structures to incubate and finance micro-scale, rural renewable energy-based ventures that included many INVs. My career and previous graduate study sensitized me to the processes that constitute the start-up phase of INVs in developing countries. Informed by these perspectives and experiences, Ayesha and I selected to start our own INV specializing in incubation and financial engineering for micro-scale, rural, renewable energy and organic agriculture ventures then selected to explore, through my doctoral research, the critical enabling conditions and challenges in the start-up phase of our INV. From this purposeful selection of a research site and orienting perspective I began my engagement with poststructuralist, interpretive ethnography and interpretive grounded theory methods to investigate the critical challenges and enabling conditions in the start-up phase of

5i. As was evidenced in the previous section, Ayesha was actively engaged in the interpretive ethnography and she also participated in the engagement with grounded theory methods, from gathering data to coding to the development of conceptual categories, to finally reviewing drafts of the thesis to verify her voice is accurately represented. It is hoped that this strategy not only gave her access to crafting her voice but at the same time helped me break open my assumptions and add another perspective.

2. Data Gathering - Although the works of Glaser and Strauss on grounded theory, and later renderings of the theory by Locke (2001), dedicate little space to the data gathering techniques associated with grounded theory methods and immediately move into data analysis, Charmaz (2003b.) and Charmaz and Mitchell (2001) point out that data gathering is

an important first step in engaging with the methodology. The interpretive ethnography, discussed in detail in the previous section, provides an avenue for the creation of thick, rich, deep multi-layered data on specific processes (Charmaz & Mitchell, 2001), a healthy soil in which to nurture the growth of grounded findings.

3. Coding Data - Core components of interpretive grounded theory are analytical categories developed while studying the data rather than preconceived concepts or hypotheses (Charmaz, 2003b.). These categories are generated through coding what is seen in the data. The analytical process in interpretive grounded theory begins with two phases of coding: *open* or *initial coding* and then *focused, selective coding*. Rather than testing a hypothesis and applying preconceived theoretical concepts from preconceived notions of what literature is relevant to the data, analysis in grounded theory begins with open coding; a process in which each line of the text in the research data is coded.

I performed *four coding exercises* during my research process. In the *first coding exercise*, Ayesha and I independently coded data from each of our journals on a line-by-line basis. The line-by-line coding helped us get into the data and loosen it up by fracturing it into small bits (Locke, 2001). As we coded, we independently drafted tags that summarized the minute fragments of data presented in our journals and then wrote the code tags on a flip chart. We then held a brainstorming session in which we discussed our initial tags and then together we compiled them into sets of code clusters. Some of our initial code clusters related narrowly to a wide variety of topics (see cluster 1 below), others were more general (see cluster 3 below). A total of 115 code clusters emerged from this first coding exercise. Many of these initial codes clusters were *in vivo*, with concepts coming directly from the transcribed discourse in our journals. Three examples from the 115 code clusters generated in this first coding exercise are provided in Appendix II.

The analytical directions generated from the initial coding of the journals focused the next stage of data analysis. In the *second coding exercise*, Ayesha and I each coded the transcripts

from our dialogues compiled over the course of the research exercise. Some of the data from our initial code cluster tags from the first exercise were maintained and new ones were generated from the new data and by grouping some of the data in initial code clusters together. Given much of the data gathered and coded in this stage was in the form of dialogues, coding occurred on what I termed an ‘oral delivered concept’ basis as lines in the dialogue came together to deliver a collective thought. After this second coding exercise, Ayesha and I held another brainstorming session, comparing codes that had emerged from our work with the transcripts. We then drafted a second set of codes together. After a lengthy discussion we agreed on 32 codes that emerged as the most frequent and/or incisive. The 32 codes generated in the second exercise are presented in Appendix II.

The second two coding exercise can be classified as ‘focused coding’. In the third and fourth coding exercises our work in the first two coding exercises establishes the base on which we move analysis forward in two crucial steps: (1) establishing the content and form of our nascent analysis into conceptual clusters; and (2) evaluating and clarifying our conceptual categories, the relationships between them, and their role in process (Charmaz, 2003b). It requires an evolving process of decision-making as to which codes best capture what you see happening in your data. The decision to elevate a code to a conceptual category comes about through a process of comparison: code with data; code with other codes; and emerging conceptual categories with the potential new conceptual category (Locke, 2001). Comparing helps to further develop common categories for multiple initial codes and helps to clarify what we are seeing in the data. “Thus, the comparative process refines the conceptual category, and helps to fill out and develop the robustness of the category such as its properties and the conditions under which those properties may be more pronounced or minimized” (Locke, 2001: 49). Robust groupings of codes that clearly illustrate preliminary thematic groupings are raised to a conceptual category for the development of your analytical framework (Charmaz, 2003b).

In the *third coding exercise* Ayesha and I explored, discussed, compared, and combined the data in the 32 codes into 17 category clusters. We diagrammed and discussed the data in, and the relationship among, these 17 clusters. These 17 clusters then guided a more focused and more conceptual re-coding of all the data in the transcripts of our dialogues by both of us. I also coded all the relevant e-mails sent between us in 2004 and re-coded our journals using these 17 categories. Each of the 17 succinct, focused clusters was then the subject of an approximately eight hour targeted, in-depth discussion between us. I taped and transcribed the discussion session. The 17 clusters are listed in Appendix II.

In the *fourth coding exercise*, I compared and combined the data coded in the 17 categories and re-crafted it into 11 sharp, clear, core conceptual categories that visibly demonstrated what came out in the data as our perception of critical enabling conditions and challenges. The 11 conceptual categories are: (1) Binding freedom/autonomy, (2) Financial sophistication, (3) Management team relationships, (4) Network relationships, (5) Relationships with clients, (6) Managing upfront risks, (7) Importance of prior knowledge, (8) Work life balance, (9) Management team personal/professional dynamics, (10) Context/physical infrastructure, and (11) Opportunity recognition.

The coding process is at the core of this research. In coding I simultaneously worked to stay very close to what was happening in the data while building a bridge to pragmatic, middle-level theory grounded in narrative findings (Locke, 2001). In accordance with grounded theory methods: (a.) initial coding was executed on a line-by-line basis, (b.) concepts were not imported from the literature and pasted into the work, category generation and coding was an emergent process with the generation of the same coming out of the data, and (c.) an emphasis was placed on weaving each conceptual category into an analytical basket rather than purely generating description. Categories developed in each of the four exercises were applied in the proximate stage and new categories emerged in each stage. Some *in vivo* categories captured in the first exercise were worked together to form core categories while others persisted as *in*

vivo within the framework. Through the focused coding process, conceptual categories earned their way into the analysis (Glaser, 1978).

It should be noted that I looked into the NUDIST computer-assisted program for coding data but felt, as Charmaz (2001, 2003a., 2003b., 2004) did, that the use of this program would remove me from the data and foster reductionist, mechanistic analysis. From an early point in the research computer aided tools were considered inappropriate for a poststructuralist interpretive approach to grounded theory.

4. Memo-Writing – For me, memo-writing took two forms. Initially, while transcribing and reading my field notes, memo-writing helped me to capture ideas as and when they emerged and to work them through into streams of thought on what was happening, in this way the memos served as rough sketches that facilitated my sense-making experience. My memos in my field notes began as private conversations with myself that were often free form, messy, partial, and preliminary; designed to help me render the data, not communicate it. Following coding and crafting data into categories, and prior to theoretical sampling, memo-writing took on a more formal role. I developed narrative memos for each of the 11 conceptual categories and began to group the ethnographic data into analytical ‘baskets’ beside the narratives. To do this, I engaged Glaser’s (1978) 6 C method designed to help researchers think analytically about, theorize, and organize categories. Each conceptual category was defined, briefly delineated and properties analyzed, and then specific conditions under which it exists were explored by examining its constituent 6 Cs: context, conditions, causes, covariance, contingencies, and consequences. Putting to use this elaboration of the conceptual categories I began to organize them into conceptual schemes, experimenting with various groupings that might illustrate what were emerging as the critical enabling conditions and challenges. In constant iterations between the data and the 11 core categories, a common theoretical thread began to emerge. I loosely translated this thread into *building human relationships*. The memo-writing also helped me see two constituent sub-themes in this thread: *the relationship within the management team*; and *network relationships*. These two sub-themes were

evidenced in many of the 11 conceptual categories. Memo-writing helped me see how concepts fit together, and gave me a better handle on how to integrate my analysis into a more coherent framework, and organize the material that I wanted to include in the writing-up. The memos, reinforced with data gathered from theoretical sampling (see below), then essentially provided the ‘theoretical anchorage’ (Locke, 2001) for the architecture for each of the conceptual chapters in this thesis.

5. Theoretical Sampling - Theoretical sampling means going back to the field to actively search for and collect data to illuminate and refine emerging theoretical categories in order to provide the best possible information for theorizing the substantive topics and their articulation into a theoretical framework (Charmaz, 2001, 2003b.). I started theoretical sampling following the completion of data gathering and analysis, after the 11 conceptual categories had been developed through focused coding and memo-writing and the loose theoretical thread indicating the importance of relationships had been recognized. For me, theoretical sampling involved collecting more specific data from the same research site to develop, refine, and check the properties, boundaries, causes, and consequences of both the categories and the theoretical thread and its constituent themes. It meant engaging in a set of telephone calls with Ayesha and taking a short visit to India in December 2005 with the central purpose of using targeted questions to dig deeper and fill remaining gaps in the research. Following the collection of data, I worked a little more on comparing the findings in the 11 categories. I increasingly saw the common thread in what we were pointing out as critical in each of the 11 categories was the importance of our internal (team) and external (partner) relationships. Theoretical sampling helped me build precision and complexity into these theoretical tenets while still remaining firmly rooted in the grounded data. It must be made clear that in grounded theory theoretical sampling is never executed “to approximate a statistical representation of the population parameters” (Charmaz & Mitchell, 2001). In mid-December 2005, theoretical sampling came to a close as the conceptual scheme began to stabilize around the importance of relationships and data gathered in the categories continually fell under one of the constituent sub-themes. I had reached the point of saturation

and so stopped searching for new data as the importance of internal and external relationships, and their functional and cognitive elements, were continuously emerging as the core groupings that we were perceiving as our critical enabling conditions and challenges in the start-up phase.

6. Writing-up/Linking Conceptual Findings - Grounded method's data collection, coding, memo-writing, and theoretical sampling techniques led me progressively to construct a weave around the thread defined in Ayesha and my internal and external relationships constituting our critical enabling conditions and challenges in the start-up phase of 5i. *Writing-up was a process of weaving together data incidents and the theoretical points into pragmatic, middle-level theoretical findings.* Most of my time was spent developing, defeating, re-writing, and defending again arguments on the role of our relationships. As my arguments began to emerge I kept tightening them by reorganizing the respective sections of the rough drafts of this thesis around them. Following advise from Charmaz (2003b.), Locke (2001), and Ellis (2004) the dialogue from our interpretive ethnographic account dominates the body of the work. I adopted this tact to keep our *in situ* voices on the critical enabling conditions and challenges in the forefront of the work.

As chapters began to take shape I went to the literature, identified informative strains of research and worked to articulate such in the relevant chapter. Through writing and re-writing my analysis became clearer in its definition of the essential properties, processes, and relationships while the rendering of such became more firmly grounded in the empirical date. A point came when the theoretical framework was sufficiently worked out to have something substantive to say about how Ayesha and my human relationships constituted the critical enabling conditions and challenges in the start-up phase of 5i.

Conclusions: This research works towards the challenge set forth by Charmaz (2004) for grounded theory method-based studies. As base conditions, the theoretical results must “fit the empirical world it purports to analyze, provide a workable understanding and explanation

of this world, addresses problems and processes in it, and allow for variation and change that make the core theory useful over time” (Charmaz, 2004: 527). The work must also meet Charmaz’s (2004) call for credibility, originality, resonance, and usefulness and for the writer’s personal voice to be audible “while illuminating intersubjective worlds” (529). With a bit of ‘insightful industriousness’ (Charmaz & Mitchell, 2001) grounded methods has been a powerful tool in my sense-making experience, I hope that, in partnership with the ethnographic monologues and dialogues, it has permitted me to tell a meaningful story of the critical enabling conditions and challenges in the start-up phase of 5i not as a studied phenomena but as a lived experience. There is no “lifting of stock categories from disciplinary shelves” (Charmaz & Mitchell, 2001: 162) in this work, my research provides a fresh, grounded look at the phenomena.

Finally, a good grounded text

is one that will be practically useful in the course of daily events...a test of good grounded theory is whether or not it works on the ground...to be useful, the theoretical framework must be understandable to people working in the kind of social situations studied (Locke, 2001: 59).

I hope the work presented in this thesis can help anchor agendas for future action, practice, and policies in analysis by making explicit connections between the theorized antecedents, current conditions, and consequences of human relationships in the start-up phase of an INV as they play the role of critical enabling conditions and challenges for the TMT.

TWO METHODS WORKING TOGETHER

In interpretive ethnography, as in jazz, blending the solos with duets is imperative (Humphreys, 2003). The keys to successful jazz and interpretive ethnography “include individual rapport and collective understanding” (Humphreys, 2003: 9). The methodological approach pursued in the interpretive ethnography that forms the foundation of this research works to balance Ayesha and my solo and collective refrains on the critical enabling conditions and challenges we faced in the start-up phase of 5i. In our engagement with

interpretive grounded theory methods that followed, Ayesha and I work together to group our harmonious and dissonant refrains into more coherent pieces. To continue the jazz analogy developed by Humphreys (2003), we use interpretive grounded theory methods to create a set of compositions. We began a more intense ‘jam session’ in which we both read the transcripts of our conversations and journals and jointly developed core topics, adding new data and reworking the material from our dialogues in the ethnography. In this way our tune became layered with multiple interpretations, reinterpreted and modified over and over again throughout the revision process. These conversations were carried over into conversations between my data and me. I worked with each set to refine each composition in my findings and discussions. Authority on the critical enabling conditions and challenges comes from Ayesha’s voice and my voice and our work together as we strive to provide an example of co-participation in the creation of the research for this thesis. I hope this strategy opens up the possibility for new insights into the critical enabling conditions and challenges faced by social entrepreneurs in the start-up phase of their INVs.

This thesis aspires to the criteria Denzin (1997) sets out for interpretive qualitative research - namely intimacy with the subject matter, delivery of shared experience, development of narrative truth, verisimilitude, and the treatment of facts as constructions. I work towards a truth that is “personal and subjective...narrative, deeply ethnical, open ended, and conflictual, performance, and audience based and always personal, biographical, political, structural, and historical” (Denzin, 1997: 266). I follow Denzin (1997) in believing that emphasis on the traditional search for universal ‘truths’ and positivist methodological ‘rigor’ takes us away from such criteria for judging the rigor of our work. The challenge is to include as much of the experience as possible in the text in a way that brings the reader into it. I want my work to be cognitively engaging and arouse curiosity by providing a unique view into a situation that is not familiar to most. The presentation of this thesis is designed to evoke the reader’s vulnerabilities, ambiguities, and bring them into our struggle; rupturing traditional patterns of knowledge transfer and scientific knowing so they begin to hear and feel the critical enabling

conditions and challenges in 5i’s start-up phase. I hope to pull readers into Ayesha and my worlds as entrepreneurs.

CHAPTER THREE: INSIDE OUR TEAM

Section I: Introduction

Conceiving of and developing 5i was a collective effort. Ayesha and I came together to start 5i as former colleagues and close friends. We were motivated to start a new business together to further the values we shared related to rural development. Although we came into 5i from different points in our career paths, we established a partnership where our previous titles, functions, credentials, and experience did not confer on us any rights in relation to each other. We released our relationship from these constraints and worked to foster a collaboration based on the intense intellectual and ethical intimacy we shared in the pursuit of the dual social and commercial mission we had crafted together for 5i. As a new business, with limited capital, operating on three continents, the socio-economic breakthroughs we sought required Ayesha and me to maintain a tightly knit, cohesive relationship that created the space for us to take risks, to break free of the ordinary and make something innovative happen. Our relationship was an arena where ideas flowed. Our sparks of creativity, innovation, and emotion were born in this arena. We prioritized space for dialogues between us and we worked intensely together on a spiritual, emotional, and intellectual level in pursuit of our mission. We were constantly guiding, criticizing, nourishing, challenging, testing, and educating each other. We drew strength from the opportunity to work under the mission-related values we had defined ourselves and shared, from the trust and open communications our work together under them engendered, and from the intensity and the closeness of our relationship. Ideas, feelings, and actions came together in a ‘cauldron of excitement’ as we defined and put into motion a company in accordance with our shared values. We risked our time and what little capital resources we had to create a company that would allow us to realize a commitment to our values in our work.

The unique dynamic created in Ayesha and my coming together from a common experience base and around a set of shared mission-related values, the collaborative process of

integrating our mission-related values into the strategy and operations of the firm we owned, and the open communication and ethical and competency trust engendered in our work together, helped make our relationship a cohesive space.

Through engagement with interpretive autoethnography and ethnography and with interpretive strands in grounded theory methods, the research presented in this Chapter illustrates that it is in the cohesive collective dynamic and constituent complex web of interactions in Ayesha and my relationship that we find some of the critical conditions that enabled 5i to go global at birth and grow. The discussion on these critical enabling conditions in this Chapter is divided into six parts. This *first section* opens the Chapter and introduces Ayesha and my relationship as the TMT charting 5i through its start-up phase. In the *second section* Ayesha and I first introduce ourselves in two brief autobiographies. A discussion of the stockpile of functional attributes we each bring to 5i, and believe to be critical enabling factors, and, the way we, working as a team, leverage them in the start-up phase ensues. It is in the role that competency trust plays in channelling these stockpiles of attributes that we find another critical enabling condition. Through the presentation of Ayesha and my dialogues in the opening of the *third section* we reveal what motivated us to build 5i. The section illustrates the opportunity to develop a firm in accordance with our mission-related values is a critical enabling factor for us and shows how our strong commitment to a set of mission-related values helped in the crafting of a mutually agreeable ethical and operational framework for our firm. The remainder of the section illustrates how our shared mission-related values translated into strategic cognition and programmatic action, trust, and open communications were active critical enabling factors that created and reinforced cohesion in our relationship. The *fourth section* provides a discussion and summary of the findings covered in the Chapter. The *fifth section* shows how the research presented in the Chapter demonstrates new ways that non-commercial and commercial values create cohesion in the TMT of a for-profit venture, and how this cohesion serves to facilitate internationalization from birth in an INV. This also section shows how revealed shared mission-related values in a social enterprise built cohesion, engendered trust and open communications, and how such

served as key enabling conditions in the start-up phase of a new for-profit venture. Further, the cohesive nature of the relationship based in these shared mission-related values and the trust they engender is shown to be an enabling condition critical to the rapid internationalization of the firm from birth. Finally, links are made between the findings and the existing relevant literature. The *final section* presents some closing thoughts on social research into social processes in TMTs.

Throughout this Chapter our voices reveal the critical enabling conditions in Ayesha and my relationship in the start-up phase of 5i. There are few, if any, academic studies, on the start-up phase of new small, international, social entrepreneurial consulting practices, and, certainly, no studies known to this author that look into the relationship between the TMT in the start-up of such ventures from the perspective of the founding entrepreneurs as they develop their venture. Ayesha and my internal and external dialogues bring out the social processes in our relationship, providing an alternative to the more traditional economic resource-based view into TMTs. In this Chapter, I rely on Ayesha and my voices to explore our perspectives on our relationship and the constituent critical enabling conditions as a TMT creating and charting our new international venture through its early stages of development.

It should be noted at the outset that Ayesha and my relationship was not always a cohesive space, sometimes it was an exhausting and contentious place. We fought on issues that Ayesha labelled as ‘cultural conflicts’ in our engagement with interpretive grounded theory methods. In our work with grounded theory methods, two new perspectives on cultural conflicts in our start-up phase were brought forward as critical: tension in our different interpretations of ‘absence from the home’ and the ‘balance in family and professional space.’ Although I originally included a section on these cultural conflicts in this Chapter, I have selected not to move forward with the treatment of these conflicts in this thesis. A discussion of my rationale for this decision is provided in my reflective account in Appendix I.

Section II: The Critical Role of Achieved Functional Attributes

Research into the contributions of achieved functional attributes and demographically ascribed characteristics lends itself well to traditional positivist methodologies and analysis, as they are, *prima facie*, easy to measure with standard survey instruments, and to examine and correlate to success with statistical analysis. There is a deep literature base in which the impact of entrepreneurs' achieved functional attributes (e.g., education, occupation, and income) and their demographically ascribed characteristics (e.g., age, ethnicity, and gender) in new venture creation are explored (e.g., Brush & Manolova, 2004; Chandler & Jansen 1992; Cooper & Gimeno-Gascon, 1992; Vesper, 1990). In these works, the degree to which TMT members' achieved functional attributes complement one another is posited as a key factor in venture success.

Ayesha and I also cite our achieved functional attributes, in the form of our stockpiles of knowledge and know-how that we, as individuals, bring into the TMT as critical in our start-up process. We see our prior education, training, and workplace experience to have been essential in our start-up period. In keeping with Ayesha and my commitment to bring our voices as entrepreneurs into the text of this thesis, this section begins with two very short autobiographies. We introduce our achieved functional attributes in autobiographical composites rather than splintering them into discrete, easily malleable variables. Following this presentation, we trace, through excerpts from our dialogue, where we believe these achieved functional attributes play a critical role in our start-up phase. Our look into social interactions in our relationship in the TMT in 5i builds on these achieved functional attributes and the contexts they create.

Autobiographical Composite: Ayesha

I am an Indian woman and was born in New Delhi, India in 1973. Till I was 17, I grew-up mostly between New Delhi and Bombay. I attended Modern School in New Delhi till the 6th grade and thereafter joined and completed high school from Cathedral School in Bombay. My parents always emphasized the importance of extra-curricular activities over classroom-based studies and I was on a host of teams ranging from basketball to elocution. I travelled a great deal with my family to wildlife sanctuaries and other rural parts of India and spent a lot of time learning about forest flora and fauna. I was fortunate enough to have grown-up in a non-traditional household in which my parents permitted me lots of freedom in my

choices. In 1991, I went to the United States to do my Bachelor of Arts at Franklin and Marshall College, a small liberal arts school in Pennsylvania. I was a member of the varsity squash team and was elected captain in my senior year. I graduated in 1995 with double major in economics and government with a focus on international aspects of each. I took a year off after completing my BA and moved to New York where I worked in the securities business development division of a law firm. I decided to go back to school for my Masters of Arts (MA) and joined the Graduate School of International Studies (GSIS) at the University of Denver in 1996. I was elected as the MA representative to the student government for the two years that I was at GSIS. In addition to courses at GSIS, I took a number of finance-related classes at the Daniels College of Business and completed my MA in Global Finance, Trade, and Economic Integration in 1998. I then moved back to New York and joined the National Economic Research Association (NERA) as an Associate Analyst where I analyzed data relating to securities fraud cases. In 2000, I moved back home to India and worked on developing two new ventures, a web-based personal financial portal and a firm designed to assist international investors interested in investing in Indian start-ups. Unfortunately, both start-ups failed. A friend of my parents introduced me to John and he recruited me to join Eden-India [the Indian spin-off of Eden, a well endowed international non-profit and foundation with headquarters in Virginia, USA] as the program officer responsible for finance in early 2001. John and I worked closely together from this point forward, and he soon became a respected and trusted colleague as well as a close friend and mentor. I managed Eden-India's finance portfolio for about two years, at which point I opted out of the not-for-profit world and in February 2003 joined John at the Energy Vision Group (EVG), a private consulting firm based Virginia, USA, that focuses on policy and analysis related to energy and security matters. Although EVG subsequently decided not to set-up in India, John and I decided to incorporate 5i as a private limited company in India and I became the Company's majority shareholder and co-managing director in October 2003.

Autobiographical Composite: John

I was born in Cheltenham, England, in 1966, and am a Caucasian male. I grew-up in Gloucestershire and rural Yorkshire in England until I was ten when I moved to Rehoboth Beach, Delaware, in the United States. I attended Worcester Country School in Maryland for three years and then The Lawrenceville School for three years, graduating in 1984. I spent my holidays with my family in England or travelling through Europe, the United States, and Latin America. I went to the Institute for Latin American Studies at Tulane University in New Orleans to pursue my Bachelor of Arts (BA) in 1984. I completed my BA with a major in Latin American Studies and a minor in Biology in 1988. My research focused on rural land use, economics, and politics in Central America, Mexico, and Brazil and I wrote my BA thesis on the mythological control of land use practices in the Amazon Basin. While at Tulane, I spent a semester at Ibero-Americano Universidad in Mexico City, travelled widely in Mexico and the Caribbean, and executed field work in Brazil and Ecuador. Following Tulane, I attended the National Outdoor Leadership School (NOLS) in Wyoming. My close to four month in wilderness on NOLS provided me with a spiritual perspective on soft paths approach to interacting in the ecosystems on which our livelihoods depend. I then went to work as the Associate Director for Communications for the Solar Energy Industries Association (SEIA) in Washington, DC, the trade association that represents the firms in the solar energy industry in the United States. From 1990 to 1992 my job was to assist SEIA's member firms in understanding, accessing, and contributing to the design, and redesign, of finance programs in the bi- and multi-lateral development agencies in Washington and to work with governments in the Pacific Island Nations and Central America to create policy environments conducive to investment in ventures promoted by our members. Late in 1992 I co-founded the International Fund for Renewable Energy and Energy Efficiency (IFREE) in Washington and managed its investment program that provided up-front capital to renewable energy firms to explore and initiate projects in developing countries. I spent 50% of my time in our office in San Jose, Costa Rica,

and travelled throughout Central America to identify, negotiate, and monitor our investments. In 1995, I left Washington to enter the Institute for Latin American Studies at the University of Texas at Austin (UT-Austin). In 1998, I completed my Masters of Arts (MA) at UT-Austin in Latin American Studies with a focus on rural economics and political science in Brazil and Mexico. I wrote my MA thesis on institutional incentives in a foundation that supported the development of solar energy ventures in the sertao of Alagoas, Brazil, spending six months conducting field work in Brazil. I was also engaged as a lecturer in Latin American politics and journalism at UT-Austin. I had married my wife Melissa late in 1997 and we returned to Washington in the summer of 1998. I went to work for PA Consulting first as a renewable energy finance specialist and then as the deputy director for an energy efficiency investment project in Brazil and spent a significant amount of time in Brazil developing the operational structure for the investment fund and in India working on a climate change-related investment practice. In 2000, I joined Eden and served as the program officer with global responsibility for finance and policy operations and geographic responsibility for our operations first in Central America and then in India. Over the two years that I was with Eden I spent over 60% of my time in India and another 20% in Central America.

Ayesha and I first started to work together in 2001. I was on a temporary assignment in New Delhi for Eden, managing the clean energy program for Eden-India to whom I was 'on loan' until they located a new director for the program. I interviewed and then recommended that Ayesha be hired to work as a program officer managing the finance portfolio for the clean energy program in Eden-India, she was hired in April 2001. Ayesha served as the in-country coordinator for the Solar Finance Initiative (SFI), which I was managing, and we worked together on the design and development of a proposal for her to manage the Renewable Debt Facility-India (RDFI), a small debt facility to make up-front investments in renewable energy ventures in India. We were awarded the contract and Ayesha managed RDFI and I served on her investment committee. I also had a contract to design an offshore equity fund for investment in renewable energy ventures in India and Ayesha helped in the design of this fund. When I left Eden, my former boss at Eden recruited me to join her in EVG and together we recruited Ayesha to join us. Ayesha and I worked together on the development of EVG's presence in the South Asia (EVG-SA). I started my PhD at Warwick Business School (WBS) in England in September 2002 and in January 2003 joined EVG as a part-time Director with responsibility for finance and policy. When EVG-SA did not look like an attractive proposition, Ayesha and I decided to develop 5i together. I became the co-founder and co-managing director of as well as an equity partner in 5i when we registered the firm in October 2003.

In keeping with the findings in the literature, Ayesha and I believe the stockpile of functional attributes we bring into 5i and our previous relationship and work experience together serves as a critical enabler in our venture creation and development process. Kamm and Nurok (1993) noted that personal relationships among team members may take top priority, at least in the beginning of the start-up phase. Chandler and Hanks (1998: 323), in their study of 12 new venture teams, found that most team members "knew each other as co-workers or family members prior to starting the venture" and the quality of interpersonal relationships between potential team members figured prominently in Bird's (1989) discussion of team formation. Examples of Ayesha and my perspectives on the critical role our stockpiles of functional

attributes and previous relationship played can be seen in the excerpts from our ethnographic accounts and the two memos provided below.

Strategy Retreat, Snowhill, England: May 2004

John: *I think both of us having a background in renewables and rural work helps. I don't think we could do this without that background, nobody would believe us, nobody would give us money...*

Ayesha: *Not to pat myself on the back, but I think our two biggest strengths are you and I....Kind of linked to that, I use the phrase 'name recognition' not 'brand recognition' because right now you go out into the community and you say '5i' and not too many people know it, but you say 'John' and*

John: *Yeah, you say 'Ayesha'...I think that the fact that we both worked together for a 'name firm' in the past also helped...I agree with you on the name recognition and importance on the intellectual side, but I think you and I close that in a discussion. In other words people know that we know what we are doing after they speak with us. However, there is also another side. People see these two 'kids off the street' and say where did they work before? Oh, they worked for a large international non-profit that had systems in place...They are used to dealing with client money, they know the accountability procedures. I think this gives us a bit of legitimacy. Its not about what Eden and Eden-India does, we can deal with, and actually beat, that intellectually in the first conversation, it's about how we were part of that Eden and Eden-India apparatus that makes the clients comfortable. How in the mechanical sense, not how in the allocation of funds sense, like the fact that Eden and Eden-India keeps transparent, clean set of books and all that.*

Final Discussions on Critical Points: London, October 2005

John: *On the importance of past experience, we haven't talked enough about the importance of our intellectual capital. I think if you look at what we've done [at 5i], if you look at our Lighting the Himalayas program (LTH) [5i's program in the India state of Uttaranchal designed to help farmers' self help groups (SHGs) develop micro-credit capacity and purchase solar lanterns for productive use applications] it built very heavily on work that we did with SFI, it built heavily on our experience with solar energy systems, it built heavily on our knowledge of how rural finance works in India developed under SFI. And so, if you look at that and you look at the Micro-hydro Tea Program (MTP) [5i's program in the India state of West Bengal to introduce micro-hydro generation units on organic tea gardens in the Darjeeling District to help them meet their energy requirements in tea processing] which builds on our business experience with micro-hydro and ability to throw together business plans and financing for micro-hydro under RDFI and our exploration of work on organic tea gardens under work supported by the first Global Horizons Fund (GHF) award to the Foggio Development Alliance (FDA) and EVG [when Ayesha and I were EVG]. If you are looking at what we are now articulating in Uttaranchal that builds on the ideas of how renewables can be used for productive use in agriculture which was based on a lot of what I did at IFREE and my research on agriculture in Latin America and on rural processing systems in Brazil before as well as my research work in England and your knowledge from spending time at your family farm and with your dad in rural areas. In addition, my work and masters research in Alagoas with the team that now forms Ecologia e Meio Ambiente (EMA). I think these past experiences and that intellectual capital that comes from this work allows you and me to work very quickly in designing these programs. Yes, we are designing them differently, with a much more commercial edge, with an entrepreneurial growth edge, that we didn't address as much in our past work [at Eden and Eden-India], but we are bringing an awful lot. If you look through our proposals and plans, we are*

bringing an awful lot of our past experience into this work. At the same time I am using the familiarity I have with the England to do surgical research efforts to search, identify, and understand how to make small batches of top quality craft apple juice... We really are building heavily on our past work experience and that has helped us immensely in terms of being able to do what we do... Also, without an understanding of where the sector is, rural development, organic agriculture, renewable energy, that is; we wouldn't have been able to understand what a trail blazing or cutting edge or new thought pattern within that sector was and I don't think we've given that enough consideration.

Ayesha: *I agree with you on all this hard stuff... yeah I agree with you, a lot of what we are doing right now has come from that experience base, which for me was Eden-India, and on the programmatic side, absolutely, whether it was RDFI... working on the micro-hydro side. And the previous networks that you especially had in past lives.*

John: *We've talked about networks in other places, how about intellectual capital? The prior experience base from the intellectual capital side.*

Ayesha: *...keep in mind John I came into this field in 2001 completely blank on these issues, other than ok fine knowing a little bit about agricultural cycles because of our farm and because of spending so much time out in rural areas and knowing when wheat grows as opposed to when rice grows and those types of things. But realistically, it has been at Eden-India that I learned. I think the other thing that's very important came from Eden-India is me previously working within the same client world and learning how the reporting side of it works.*

John: *The accounting system, the way to craft proposals, and the reporting systems.*

Ayesha: *Yeah, I talk about this because it's what I deal with on a regular basis and is a source of a lot of grief for me, as you know. But had it not been for that experience base that I got at Eden-India, in terms of how you hand in your invoice... and all of that stuff. A lot of that has now come into our work. I think we have taken it and grown it to some extent, we've developed it to some extent, but had it not been for that experience base it would have been extremely difficult to switch to the space of operating within this client community. And I was very grateful that I was able to learn that on someone else's dollar, not our own.*

Memorandum on Developing Financial Records: June 2005

Since the registration of 5i, in October 2003, our accounts have been kept to an international standard required by our British Government and United States-based foundation clients. Ayesha and I both worked to these standards in tracking the project accounts we managed in our previous jobs and, as our clients and project structures in 5i were similar, we brought both the standards and the specific accounting practices that operated beneath them with us to our new firm. In the first month of operation of 5i we developed a chart of accounts and expense report formats built on this prior experience, tailoring them, where necessary, to the specific requirements of our first set of consulting contracts.

From the first day of operation of 5i, through the 18 post-registration months that constitute the start-up phase of the firm; Ayesha, our program associate, and I - as the firm's first three staff members - recorded every expense we incurred on behalf of the firm in these expense reports in Excel. Each transaction in the expense report, whether a travel expense or the purchase of a good or service, was coded against the contract codes established in our chart of accounts. The reports were then submitted to Ayesha in electronic and hard copy on a regular basis, she checked them against the credit card statements, issued any necessary payments, and then registered the transactions in her Excel log of our accounts. Billings from consultants or sub-contractors were first approved by Ayesha or I, as the cognizant project managers;

paid by Ayesha through a wire, electronic deposit, or check; and then also registered by Ayesha in her Excel log of accounts. Hard and soft copies of each of our timesheets were submitted to Ayesha at the end of every month and she worked with our accountant to determine our monthly tax liability as employees and then issued pay checks or payment wires against the timesheets and had the appropriate 'tax deducted at source' amounts calculated and deposited in the bank. Electronic and hard deposits in, and wires and checks from, our bank accounts were recorded by our bank as they were realized and records of such were normally available to us online within a day of the transaction. Ayesha developed internal 'mirrors' of our bank and credit card ledgers and she used these to double-check the statements from the bank. Working in Excel, Ayesha collated and tallied the data from all transactions within two or three days of the transaction, keeping her log of accounts current on a weekly basis. Ayesha kept the cash flow position of the firm up-to-date and accessible at all times and she and I reviewed our financial position at least once per fortnight. We compiled both monthly and quarterly contract financial reports to meet our clients' demands and these, along with narrative reports on progress on the projects were then submitted to the client.

Memorandum on the Use of Financial Projections: December 2004

In the consulting world in which 5i operated in our start-up phase we had to be able to recognize opportunities for new work and then develop ideas, design concepts, and create proposals for this work at least three months to one year in advance of the time we hoped the work would be executed. In the course of putting together a bid for a new project, Ayesha and I generated and worked through multiple budget scenarios for the project. However as managing directors and entrepreneurs running a new venture, we not only needed to decide on the how much money we required to execute our project work, but must also had to assess such in relation to the financial operations of our firm. In each stage in thinking through and preparing new projects, we used financial projections to help us to think strategically about what resources we required from our clients and gauge the impact of various client funding scenarios on our firm. We were thus constantly testing our project budgets through financial projections to see the impact of our decisions and those of our clients both on our project as well as company financials. It was imperative for us to be able to run these scenarios to see how our choices influenced our project and institutional financial positions in the future. In this way financial projections helped us to see how each of our current and potential contracts - with different payment structures and schedules, budgets, expenses, and time horizons - came together to generate revenue for the firm while integrating this information with general institutional expenses such as our office overhead expenses, non-project-related salaries, and so on, so we could see what we needed when we needed it. The projections showed us the impact of our project and institutional choices on our cash position, income, expenditure, revenues, and break-even points over time and were critical tools as we constantly adjusted budgets required to develop new business, craft proposals, and execute work in a manner that built the business in a financially prudent way. Without using such projections it would have been almost impossible to develop our company while planning and delivering our project work on time and on budget. Our ability to utilize projections built on our previous experience using such together in Eden.

Ayesha and my autobiographies, the excerpts from the Snowhill Retreat, and our Final

Discussion on Critical Points illustrate that when we started 5i we both brought into our new venture a procedural knowledge in program research and design, financial planning, project accounting, and so on from our past work with, in Ayesha's case an international non-profit, and, in my case, an international non-profit, investment trust, industry association, and

consulting firm operating in similar spaces working for government and foundation clients. For example, the memos illustrate how our work at Eden and Eden-India allowed 5i to establish and operate a solid formal financial record-keeping system and put to use financial projections from birth. The collection of excerpts from our ethnographic text show we brought our experience in designing financial structures for micro-scale sustainable energy and agro-processing ventures in rural areas, developing and running finance-related training programs for finance officers in rural financial institutions, scripting investment funds and facilities, and preparing business plans and financial projections into 5i. Our skills in writing, finance, economics, rural development, and so on from our education base, discussed in our autobiographies, also certainly helped us in 5i's start-up phase. In addition, our autobiographies show that both of us were accustomed to international travel and work in rural areas and had both worked in the United States, where one of our key clients was based, and I had worked, lived, and studied in England, where our other key client was based. Finally, as Ayesha states in the excerpt from the Snowhill Retreat, our individual reputations were important in the start-up phase as clients and partners had no idea who 5i was, they knew us, the firm's TMT, and the firms we had worked for in the past.

Thus, in joining together as a team to found 5i, Ayesha and I brought our tangible and intangible resource stocks into the firm. Our past work experience permitted us intimate familiarity with financial, agricultural, and renewable energy scenarios in low income regions in rural India and Brazil and with the client community we were targeting. We knew how to assemble an international partnership, craft proposals that made sense within both a target local community and to clients, and manage programs that delivered incubation, financial structuring, and institutional strengthening services to support organic agriculture, agro-processing, and renewable energy ventures in low income rural regions. We also both had track records that proved to potential clients we could successfully deliver such programs.

Ayesha and I together delivered two unique sets of functional resources into 5i as the firm's TMT. In this way we certainly opened access to a greater and more diverse array of resources

than if either of us had started 5i on our own. Our findings provide a perspective local to 5i on these matters and shows how Ayesha and I interpret the functional stockpiles we deliver into 5i as critical in the start-up phase of our new firm. At first look, these findings are nothing new, there is ample evidence in the literature that indicates work experience, education, absorptive capacities, and reputation can provide TMTs with intellectual and functional guidelines, knowledge, know-how, insights, and habits that are useful in the start-up phase of a new venture. Brush and Manolva (2004) summarize and reference such arguments in the literature and assert that the single most important resource nascent entrepreneurs bring to an emerging venture is such composites of their personal experience, skills, and education.

The next sub-section moves beyond the focus on stockpiles of functional attributes as inputs and discusses what Ayesha and I believe to be the role of processes critical in putting our functional attributes to work in the start-up phase of 5i.

Delivering Functional Attributes: In the previous sub-section, Ayesha and I indicate that the financial management systems we developed and worked with in our previous jobs were inputs critical in the start-up phase of 5i. In my Field Notes below I reveal the critical importance we attached to the integration of these systems into our operating processes in a way that permits us to operate independently, across international borders, in 5i's start-up phase.

John's Field Notes: April 4 to 18, 2004

On 4 April 2004, I travelled to Brazil on an independent assignment for the World Bank [for EVG]. After completing the meetings for the assignment on 6 April, I met with the officer for the British Embassy in Brasilia responsible for work in our sector. We discussed a project concept 5i had submitted to IKF for the development of the Brazil Renewables Finance Program (BRFP), a program designed to help organic farmers in the Alagoan sertao form SHGs, manage micro-credit operations and purchase renewable energy-based processing equipment to help them in the processing of their fruit. The project had been approved by IKF at the concept stage and we were encouraged to meet with the cognizant officer in the British Embassy in Brasilia to discuss it further. The officer from the Embassy said he liked the concept and strongly encouraged us to move forward with a full proposal in support of the execution of it. I flew up to Maceio, the capital of the state of Alagoas, the next day to meet with our potential local partners on the proposed project and they suggested

some significant changes in the concept, which demanded a complete rework of the project narrative and budget. For the next few days I went back and forth on e-mail with Ayesha - who was in New Delhi - and the Embassy in Brasilia in developing a new concept structure and budget for our proposal while also integrating the thoughts on such from meetings with our partners in Alagoas. At the same time Ayesha and I were preparing another bid to IKF for micro-hydro work with organic tea gardens in the state of West Bengal in India and helping our partner in China prepare a joint bid to IKF for us to work together on a rural finance initiative designed to provide capital and incubation services for organic produce marketing, eco-tourism, and biogas ventures in the Yunnan province. In addition, we were closing our accounts for the 2004 Fiscal Year and Ayesha e-mailed me our financial statements to review. I reviewed our accounts and returned them to her with questions and comments. In the midst of this work, I was also preparing a brief for the World Bank on a new guarantee facility for renewable energy and energy efficiency ventures in the peri-urban regions of Brazil's major cities. The Brazil, China, and India proposals [for IKF] were all due in London on the 16th of April. Also, I had to be in London on 19 April for a meeting of a technical steering committee for FCO, the agency that administers IKF to which we were submitting our bids. I travelled from Brazil through my home in Washington to London on 18 April to make the steering committee meeting and to discuss our proposals with the agency.

5i's future depended on us winning at least one of the three bids to IKF discussed in the Field Notes above. Certainly, without bringing in the financial systems from our previous places of work and establishing them within 5i at the outset it would have been difficult for us to balance the four sets of financial tasks mentioned in the Field Notes above. Further, without Ayesha and my familiarity with the technical aspects of how to work together with these systems over significant distances and time zones, it would have been difficult to develop and then reconfigure the technical approach and restructure the budgets on the three proposals and discuss and provide feedback to our accountants on our annual financial statements all while I was also working on the concept for the guarantee facility. The Field Notes show that as we were developing 5i we were constantly crafting and re-crafting our programmatic approaches. Thus, particularly important was the flexibility to adjust quickly to the changes that having the systems in place and a familiarity with utilizing them together afforded us. An excerpt from our Final Discussion on Critical Points summarizes this point.

Final Discussions on Critical Points, London, England: October 2005

***Ayesha:**...I think that the flexibility side is extremely important in terms of us being small and being at a place where we can actually go in and we see a new opportunity or we see a problem with a current approach and we are able to very quickly turn it.*

***John:**....I think one of the key elements of our operational management is our financial management system, its made our resource management incredible for me...What you've done, from the outset, is to, as near as possible, keep financial*

records in real-time and open access for us to financial management decision-making tools that allow us to put to use these records in projections so, amongst other things, we know exactly what we have available in the budget on a day-to-day, weekly, monthly, and annual basis and can use that knowledge immediately and see the impact of through our projections; and that is brilliant. That has allowed us to be flexible, the flexibility that you are talking about couldn't have occurred if we didn't know what resources we had at hand and what was available to us in the future. In addition, it allows us to change our minds and understand the implications of changing our minds instantly, not just from a budget forecasting point of view in terms of a budget in a traditional program/project sense of the word, but from an actual 'do we have the cash in hand' and 'how will it impact us' point of view. We are able to literally reinvent the way we do business, the way we move both concept wise and financially in a very very short time and we understand the implications of such moves to us financially with that system that you've put in place. So I think that our financial management system has been key to efficient management of our operation. It has enabled us to be able to better deal with what you were saying before, ok MTP is paying us on a cost-reimbursable basis, and the contract from GHF and BRFP are coming in on a quarterly basis but on different cycles. So we've got different revenue streams and structures for payments coming in from clients but in terms of their impact on us and what they do, the system that you put together allowed us to track the resource movement and to manage it in a very sensitive way which is very empowering in terms of allowing us freedom of choice to pursue new leads or adjust our approach or what have you.

Ayesha: *Yeah, I never thought of it that way, but yeah, I think you're right*

Ayesha and my past experience in structuring financial systems as well as computer hardware and software and internet provider packages, and our integration of such into 5i, facilitated our work together or apart. When Ayesha and I were managing work together at Eden-India and Eden respectively we spent at least half the year apart. When we started 5i we established systems similar to those we had created and worked with at Eden. The efficient use of financial technology and our internet-based e-mail was vital for an international venture like 5i servicing contracts from clients in the United States and England for work in financial services in rural Brazil, China, and India. It was also especially important for us as managers of a small, start-up where we needed to be in the field executing consulting work and at the same time had to monitor the firm's financial position and develop and prepare bids on opportunities for new work.

However, the critical importance of the stockpile of inputs Ayesha and I delivered to 5i and the use of such, discussed in this and the previous sub-sections, only exposes one side of the enabling conditions we felt critical in the integration of these attributes in our work. Views of TMTs that focus solely on inputs and their manipulation in an economic context miss the

social relationship in the TMT that provides the care and the nurturing of the firm in its infancy. Looking simply into the stockpile of functional resources Ayesha and I conveyed to 5i, and how we put them to use, misses another factor we cite as critical in permitting us to draw our functional attributes together in the start-up phase of 5i.

Trust in the Process: If Ayesha and I had never worked successfully together as a team to bring together our functional knowledge and know-how in our prior work I doubt we would have tried it at such an early stage in 5i. The excerpt below from Ayesha and my Final Discussion on Critical Points reveals that it was also the *trust* we had in each other that was critical in empowering us to be able to bring together and use our functional attributes while working thousands of miles apart to develop business for 5i.

Final Discussions on Critical Points, London, England: October 2005

Ayesha: *The other thing is the trust we have for each other. When you are sitting in Brazil and I am in India and you sitting there and crafting and writing proposals and handing them in and, yeah fine, you always send them to me to take a look at, but I don't think that's saying take a look and see if you approve, its ok you want to add anything to this. And with me sitting and doing whether it's the accounts or the books and writing checks on a regular basis you know basically our entire burn of Rs. 500,000 to 600,000 a month, and I am writing all the checks and I think that without that trust in each other we would be in a much worst situation.*

John: *I think we would literally not be able to operate...without that trust, it's the nature of the business we do. The nature of the business we do and the stage that we've been in requires that we are out there working independently.*

Ayesha: *Right.*

John: *And without us being out there in Brazil or China or raising money in California or studying apples in the England, our business would not work, and without the trust we have in one another it would have been impossible for us to build 5i, trust is vital.*

Trust is a complicated notion. This thesis works from the definition of trust developed by Mayer, Davis, and Schoorman as “the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor and control that other party” (Mayer, Davis, & Schoorman, 1995: 712 cited in Howorth and Moro, 2006: 497).

In the passage above Ayesha and I reveal that we have trust in each other's competency. We opened up ourselves to relying on the other to perform our respective assignments to a professional standard, and if one of us did not, the other was vulnerable as we were the only two owners of, and lead managers in, 5i. Such trust in competency can loosely be interpreted as a trusting party's willingness to open-up vulnerability to acts of the trusted party with respect to the practice of a certain job that involves a particular knowledge and know-how set held by the trusted party. Basically, the trusting party has confidence in the ability of the trusted party to perform a particular function and exposes herself/himself to the risk in this confidence by risking resources and/or opening up responsibility for the trusted party to execute the function.

In Ayesha's statement she hints that my trust in her ethics allows her to have the freedom she requires to manage 5i's finances. Ethical trust is defined here as the perception that one party (the trustee) adheres to a set of ethical values and principles considered acceptable by and shared with the other party (the trustor). This notion of ethical trust is derived from the idea of identification-based trust posited by Lewicki & Bunker (1996) which implies a concept of trust based in the "identification with others' ideas, desires, intentions, and a strong reciprocal understanding in terms of wants, values, and standards of behavior" (Howorth & Moro, 2006: 498). With ethical trust, the trusting party is willing to open themselves up to ethical decisions made by the trusted party, implying a moral dimension to trust. If Ayesha and I didn't trust each other's competencies and ethical practices it is not likely that we would have been comfortable with the other working remotely in the start-up phase, until formal monitoring systems could be put in place.

This sub-section illustrates how Ayesha and I held ethical and competency trust to be critical enabling factors that allowed us to act collectively to successfully integrate our accumulated tangible and intangible resources to shape the development of 5i in the start-up phase. Ayesha and my trust in each other played a critical role in permitting us to do this while working thousands of miles apart. For example, as one looks into how the financial

operations we marked as critical, one sees it is in the social processes, enabled by mutual trust, that we were able to conduct our financial work while I was developing our client base in Brazil and Ayesha was developing a proposal and managing our year-end accounts in India. Although the key role of trust in the formation of new ventures has been explored in the literature (e.g., Kohtamaki, Kekale, & Viitala, 2004) and trust's role in reducing monitoring costs highlighted (e.g., Lewicki & Bunker, 1996), this research illustrates the vital role of trust in relation to the process of helping a start-up consulting practice, with little funds operating in a complex environment, to develop operations overseas from birth. This subsection shows that trust was a key component in the integration of some of the stockpiles of functional attributes, particularly in our financial systems, Ayesha and I brought into 5i. Thus, this research adds trust to the list of ingredients in the literature when considering social processes in the start-up phase of INVs. In the next section we see how Ayesha and my motivations, affinity for common mission-related values, shared strategic cognition, and communications interacted in a sphere defined by trust and how trust interplayed with these facets of our relationship to create a space for us to operate successfully in complexities of our start-up phase.

In sum, the excerpts from our ethnographic and autoethnographic accounts, and work with grounded theory methods, in this section indicate that three elements come together to allow us to internationalize in the first few months of starting-up 5i. First, Ayesha and I had the achieved functional attributes requisite for the work we articulated for 5i. Second, we had the experience in working together and expertise in the management of systems to utilize our functional attributes in an efficient manner. Third, our trust in one another's competencies and ethics permitted us to operate apart without incurring monitoring costs that would have been prohibitively expensive for us as a start-up with few capital resources. While each of these elements is treated separately in the literature, I know of no example in the literature that illustrates how they work together to facilitate the internationalization of a start-up in the first few months of operation. The importance of this finding will be discussed further in the last section of this Chapter.

Section III: Digging into Cohesion in our Relationship

Ayesha and I started 5i as a social entrepreneurial international consulting practice with a mission based on our values. As our autobiographies illustrate, our age, gender, and race are quite heterogeneous, but as this section shows we shared an internal guiding framework on what was important in the context of rural development. In the creation and development of 5i, Ayesha and I imbued a combination of commercial and social values into our firm's strategy and operations. This blending of values introduces a social system oriented towards a programmatic mission and a business system oriented to commercial principles. The dialogues presented in this section demonstrate that such a mixture of values, and the systems defined in accordance with the mix, is at the core of our belief in regards to sustainability and development, and also defines 5i as a social enterprise and us as social entrepreneurs. Discussions in our interpretive ethnographic accounts and our work with grounded theory methods reveal that in interpreting our relationship as the TMT, these shared mission-related values constituted a key enabling condition in the start-up phase of 5i.

The first sub-section presents a brief discussion on the definition of values. The sub-section that follows explores what Ayesha and I interpreted as the factors motivating us to start 5i. We give particular attention to how the possibility of creating an organization in keeping with our values was a key motivation for us and we discuss both the commercial and social principles that make-up our mission-related values. Although these shared motivations were critical ingredients in our relationship in the pre-formation stage, many of the motivating factors, such as 'autonomy' and 'the chance to define a company in keeping with our mission-related values,' were important to us throughout our start phase. Following the sub-section on motivations, I explore the role of our values in defining 5i's mission and illustrate how Ayesha and I translated our shared mission-related values into our strategy. I then continue the discussion on trust initiated in the previous section. Ayesha and I did not explicitly discuss trust much, we took it as a given. However, it underlay our relationship and we both cited its fundamental importance in our relationship as the most salient critical enabling condition. In the final sub-section, I look into open communications between us.

DEFINING VALUES

The definition and use of the concept of values is not entirely consistent in the literature.

Hofstede (2001: 5 cited in Morris & Schindehutte, 2005: 454) defines a value as “a broad tendency to prefer certain states of affairs to others.” While Schwartz (1992: 4 cited in Morris & Schindehutte, 2005: 454) characterizes them as “concepts or beliefs that pertain to desirable end states or behaviours and transcend specific situations in guiding selection or evaluation of behaviour and events.” Agle and Caldwell (1999) harness an earlier definition from Schwartz’s research work with Bilsky to reveal five constituent strands within the concept of values:

Values are a) concepts or beliefs, b) about desirable end states or behaviours, c) that transcend specific situations, d) guide selection or evaluation of behaviour or events, and e) are ordered by relative importance. (Schwartz & Bilsky, 1987 cited in Agle and Caldwell, 1999: 359)

There seems to be general agreement that values are abstract normative standards that influence human choice that, although distanced from specific behaviours, can function to generally govern such (Davidsson & Wiklund, 1997). Research on the role of values at the firm level in new firm formation is scarce and when values do receive attention from scholars in the entrepreneurship community it is usually at a macro level in cultural comparisons across geographic regions (e.g., Bucar, Glas, Hisrich, 2003; Busenitz & Lau, 1997; Davidsson & Wiklund, 1997; Mitchell, Smith, Seawright, & Morse, 2000; Morris & Schindehutte, 2005), related to the family firm (e.g. Ensley & Pearson, 2005; Haugh & McKee), or part of broader discussions on strategy, cognition, and governance across multiple firms. This research addresses this gap, and illustrates that for Ayesha and me the chance to build a venture in keeping with our mission-related values (i.e., those defined in the excerpts from our narratives such as a ‘soft paths’ approach to rural development or farmers solidarity in social justice) was a key motivating factor for us (a subject explored in detailed in the next sub-section) and shared mission-related values were key in defining and managing our programmatic operations.

MOTIVATING FACTORS

The motivations Ayesha and I believe were critical in the start-up phase of 5i are detailed in the excerpts from our interpretive ethnographic accounts below.

John's Journal: Pages 1 to 3

Why am I flying about 22 hours and spending an additional 10 hours in airports on connections today and into tomorrow? I am going back to India and Chi is coming with some colleagues from China to look at our initial work as an example of what could be done with GHF support in China. There are both professional and personal reasons for engagement with 5i, though in this journal I will just dwell on the professional motivations...First and foremost 5i is a business. I am selecting to devote my time and energy here because I believe there are commercial solutions to the opportunities in the energy and organic agriculture sector in India that are not recognized in the marketplace. We can put together the talent necessary to develop renewable energy-based ventures in a commercially-viable manner in organic agriculture processing operations in India. India is a remarkable country that captures my thoughts and, currently, a large chunk of my life. There are so many opportunities in India to deliver better products and services, especially in the agriculture sector. Organic agriculture offers a way to provide food that is safe and reduces agriculture's impact on the ecosystem, that has less opportunity to be corrupted by a system of farming that relies on pesticides and fertilizers, and in which benefits accrue to scale that can only be achieved by a few relatively wealthy farmers. The processing of organic produce also opens the opportunities for the sale of new products through new channels of delivery that are not buried in the patronage system of conventional crop processing and distribution. Renewable energy can supply the on-site energy requisite in the development of small-scale processing opportunities in a way that can help small-scale farmers without degrading the environment, so I guess it is about market opportunities, but also about soft paths and social justice for me. Second, 5i provides a certain freedom of choice to make our own decisions about what is the appropriate course of action to undertake in pursuit of our objectives. Freedom to partner with whomever we want. Freedom to focus on the markets we believe to be important and valuable. Freedom to work when, how, and where we want. Freedom to set-up a business that reduces our footprint on local eco-systems. With this freedom comes responsibility. Responsibility to deliver a quality product and to deliver it in a timely manner and on budget. Responsibility to conduct due diligence rigorously, to only accept transactions we would be comfortable investing our children's money in (if we had any). Responsibility to develop procedures and to standardize and follow them in a way we feel makes sense in terms of our ideas on fairness, making judgements that reflect our principles. India is a land of opportunity. Opportunity to develop a business, freedom to do it as we see fit. But, India also provides a test of our ideas of fairness, due process, and professionalism. There are many rules but few of them are enforced or cannot be bent with money. To define a small, new business in which we and our investors are comfortable investing money is complicated. Complications arise from corruption, from bureaucracies that are not set-up to assist small companies, the prevalence of the personal concerns over professional equity and fairness, the constantly changing applications of rules to suit personal demands of those who are better off. There are so many other complications that result from doing business as a new firm in India. We have to trudge through all the initial rituals...

Ayesha's Journal I: Page 4

From my perspective, the reasons for setting up a for-profit company are twofold. First, I did not think it was appropriate to operate [a non-profit structure] in a for-profit space [like venture incubation and finance] beyond a certain point. And for me that point was when we were trying to instil discipline in an entrepreneur in a market and when we were asking private capital to invest in that market, by showing its potential profitability to investors. I find that rather hypocritical, and a fairly unconvincing argument coming from a grant receiving not-for-profit organization that itself does not operate on market principles. If we truly believed it to be a profit making sector, with the potential for yielding commercial returns, why weren't we in it as well? The second reason is more of a personal one, and one that was more important for me. I have always wanted to create something, to build a something that was financially viable over the long term. Something I would work on from scratch and develop it to the point where it could stand on its own and operate sustainably and practically over time. For me, any form of financial return to shareholders would just be an affirmation of the company's strengths, and hence be a return on efforts rather than a return on equity, the former being a much more powerful concept in my mind than the latter. They say that only one of ten vested companies actually succeeds. Assuming this to be correct, capital is not necessarily the impeding ingredient to success. It is the 'other' factors that matter more. I believe that many of those 'other' factors can be lumped together into 'effort', which includes not only execution of project or program-related work, but also (and more importantly) working towards the careful nurturing and development of a company.

John's Journal: Page 4

...Ayesha and I met when I recruited her for Eden-India three years ago this Spring. It was her spark, enthusiasm, and sensitivity that attracted me to her mind and spirit. We built RDFI together at Eden-India and we managed the SFI together. Actually we thought up and crafted these programs together too. Our managers gave us lots of freedom and we brought in new business and generated results, over 1,000 bankers trained in lending for solar, renewable energy ventures financed by the facility we had crafted from nothing in a hotel room in Goa. However, Eden-India and Eden were not the most efficient organizations in processing transactions. The paperwork involved in even simple transactions, the outrageous administrative costs on work, and the lack of understanding of commercial principles and risks taught us both lessons about working under a non-profit framework. Efficiency in transactions, for the clients or recipients, did not govern practices. These were difficult conditions to work under over a long period of time....creating our own new venture, working in the for-profit sector, gives us the opportunity to design an institution that delivers results to clients far more efficiently.

John's Journal: Page 55

Each day I am realizing more and more that one of the many advantages to owning your own company is the tremendous intellectual freedom it provides. The major disadvantage is that you can never walk away. It's nice that the freedom has allowed us the space to be leaders in what we do and to see that we see things others don't and move on them, but the responsibility for keeping this up is a bit frightening.

Strategy Retreat, Snowhill, England: May 2004

Ayesha: Then of course, yes, our working relationship and I think that goes into my next point which is that we share a philosophy so yeah we have a close relationship we are very close friends, we get along well, thank God for that because we spend a lot of our time together. I'd rather be doing it with someone I get along with and share a philosophy with...

John: Yeah, I agree with you.

Strategy Retreat, Tokyo, Japan: December 2004

Ayesha: *I think that having the intellectual freedom, this kind of goes back to our discussion of our partners and our clients, but just having the intellectual freedom to craft things without anyone putting you into a box or a straight-jacket, I think that helps in our process. You don't have bars around you or constraints. Yeah, ok, you've got a field that's defined for you, there hasn't been too much politics.*

John: *Except for the brokering stuff with our law and accounting firm, we've been almost completely politics free.*

Ayesha: *We haven't had to do things. I mean for example you know I haven't had to encounter situations like with [US government development agency we worked closely with in the past] where we were forced to give these guys in Gujarat whatever. Just being in a position where we are doing what we think is right, is appropriate and no one forces our hand in anything, that's both intellectually and in day-to-day transactional-level stuff ...I think a strong belief, at a very fundamental level, a strong belief in and commitment to the work that we are doing. Its not just a job. Even when we were at Eden and Eden-India I think we worked much harder than the average person at Eden and Eden-India. I think that was because we believed very strongly in what we were doing. And then you take the fact and ok fine this is what we are continuing to do, and we are building it into an area where I really believe we can provide, where renewable energy fits in well, where organic agriculture can be an edge that these mountain states have over states in the plains. I truly believe that, its not just going out and doing something and getting a pay check at the end of the day and doing it because of that pay check. And you take all that and take the fact that this is now your own company, it is, I hate to say this, but it makes a difference at least to me.*

John: *Yeah, I agree.*

Ayesha: *Because its, I have said this before as well, it's about creating something, about building something, it's about taking something and moving it forward to a point where it can stand-up on its own feet, and being like a parent would. Realistically, well not realistically, but you know what I mean, it's yours to make or break and you know you've got this fabulous opportunity because of a lot of the other factors that we have spoken about and it still is challenging. Also because of some of the other factors that we spoke about a few months ago in the last retreat, but that's what makes it fun, that's what just drives us. One of ten companies succeed and those are fairly heavy odds against you and for me. At least that challenge is of course something (a) that I wanted and (b) I wanted this to happen and put a lot into, we both did I think....*

Ayesha: *... I would get really tired, I would die to get out of Delhi and just get up to Sitla [a village in Uttaranchal where Ayesha and I base ourselves for our work in the state] and be there because that place also calms me down and brings me more in touch with the actual transaction of LTH or of the GHF work or whatever. Just the fact that the area which we chose to work was this area, this is a place that gives me lots of energy.*

John: *So we should find companies to invest in where the people like where they work?*

Ayesha: *Oh yeah, definitely.*

Final Discussions on Critical Points, London, England: October 2005

John: *...almost everything that you and I decide to do, we then turn into a proposal and we are continually crafting and re-crafting the image of the company. There is really nobody regulating us in terms of what we decide to say in the proposal or about our company. We are certainly in some sense informed by our partners in the region*

and we are certainly sometimes guided by frameworks that are offered by the clients, but mostly you and I have pure creative freedom to articulate what we will. But then in terms of your notion of “binding freedom” and my focus on due process; with this freedom comes the responsibility, and this gets into our prior knowledge, to research and then articulate in the proposals the ideas in a manner that has a structural integrity that reflects the fact that we know our business. We often start from or discover an idea through a conversation, but we don’t, for example, present the idea of the potential viability of a micro-hydro program in Darjeeling without understanding that there is a real potential for micro-hydro opportunities to service interests in a commercial manner. That, at the basic level, you know there are actually streams and the topography makes sense in terms of head and that the tea gardens are actually paying a high amount for electricity. We first come-up with the idea, then have a conversation, and then do our basic research, just like we did for apple juice, and then we impose the frames that we developed as professionals in this field and so we are free to choose the direction that we want to go, as long as that direction is in keeping with our ethos both professionally and personally, we are then bound to explore these ideas in a framework that will be seen to be rigorous by the clients.

Ayesha: Damn you talk a lot. I think I agree with you and most of this we’ve covered previously in our journals and in other conversations and, yes, you know given that this is our own company we have the freedom to decide where we are going to work both philosophically as well as physically and also to change that, which I think is nice and necessary. In terms of when we started off we were looking more or less entirely at renewables, we were

John: In locally owned and operated agriculture operations basically

Ayesha: Yes, in such agriculture operations, but you know I mean taking first LTH and MTP and then now us being at a point where we are able to produce directly or to invest in the processing of organic produce.

John: Organic juice

Ayesha: Juice, yes juice is good. And jam, yes, don’t forget the jam. Having that ability to change things as we learn more about what makes sense in the market as things appeal to us in different ways and as things draw on us in certain ways. Now certainly there is the other side where we’ve got partners both in China and in Brazil who may choose to improve the efficiency of say animal-based slaughter venture and, yes, we are sitting there and helping them do that.

John: Well not really, we only did it so far and then we kind of backed-out.

Ayesha: Yes, but don’t you think down the line we are then going to possibly look at a system where we are going to put together a vehicle or an instrument or an investment into a pig farm, it makes good commercial sense I understand that, but I mean you and I would never be involved directly in such an investment.

John: Surely I think you are right. I think that our choice when we work for our own portfolio in India, I think this is a good distinction that you make, our choices for our own portfolio in India is fairly wide open within the concept of a freedom bounded by shared ethics, due diligence, and responsibility. However, when we are working as consultants in other countries, although we have pick of general baskets which mirror our experience and what value-added we can bring, we don’t get to pick the application. I certainly didn’t choose, although I would have perhaps chosen, organic bananas in Brazil. That was already the area in which EMA was working and, as you say, I don’t think either one of us would have chosen slaughter houses, biogas

waste from slaughter houses in China, but that's what our partners see as a solid business opportunity and where they want us to work together...

Ayesha: *...I think the other thing that's important here [in terms of freedom] is that these transactions are in the physical place where you and I want to be. For example, had we chosen to work [on economic development] in the slums in Bombay or Delhi I don't think I would have lasted long. It is simply not a place I find comforting or that I find attractive personally. I think that is very important, as I was saying in terms of looking where we each chose to go on vacations, look at how we chose to spend whatever personal time we have, there are lots of similarities between those kind of places and the places we chose to work in, which I think is wonderful.*

John: *Yeah I think that's part of the freedom [that comes with operating a private company] we have this ability to be able to select where we work.*

The motivational issues that come through as critical in Ayesha and my interpretive ethnographic accounts can be divided into four distinct, but connected, categories: 1) the possibility to capitalize on a market opportunity, 2) the chance to build a firm in keeping with the social and commercial principles that define our mission-related values, 3) the opportunity to craft a new venture from inception, and 4) the freedom to make choices within a set of binding responsibilities. We see in the excerpts that these core motivational issues relate to the draw of the opportunity of creating a new firm as well as to the 'push' from our previous work environments. The freedom to work "when, how, and where we want" within the constraints of due diligence and responsibility, a concept Ayesha defines as 'binding freedom', appeared to be the most salient motivational factor for us, though all four factors were repeated by both Ayesha and I numerous times. It is also clear that the freedom and opportunity to work in a manner in accordance with our values was a key driving force. These excerpts demonstrate that Ayesha and I shared core mission-related values and some of these values begin to emerge in the excerpts from our internal and external dialogues. In the early entry from Ayesha's journal she discusses the commercial notion of creating a financially sustainable engine and in my journal I talk about building a business around the market opportunity in organic agriculture in India, but both our dialogues are also infused with references to mission-related values, particularly the importance of the 'soft paths' approach. A subtle conflict arises between the commercial and social elements of our values when we discuss animal welfare in relation to our partners work in China. We were willing to

help our partners make their operation more efficient, for which we are paid, but were not willing to touch such transactions for our own portfolio. Our mission-related values are further elaborated in the next sub-section, and their primacy and the interpretation that we share them resonates as a key foundation of the cohesion in our relationship in the sub-sections to come.

TRANSLATING OUR VALUES INTO 5I'S STRATEGY AND OPERATIONS

'Strategic cognition' (Ensley & Pearson, 2005) is concerned with how managers translate their values into mental models on strategic issues. Shared strategic cognition is defined as the extent to which the TMT shares mental models about strategy (Klimoski & Mohammed, 1994 as cited in Ensley & Pearson, 2005). Shared strategic cognition includes consensus among team members regarding understanding and agreeing on strategy (Floyd & Wooldridge, 1992 as cited in Ensley and Pearson, 2005). Amason (1996), as cited in Ensley and Pearson (2005), concluded that the sharing of strategic mental models is the outcome of discourse among team members about the strategic direction of the firm and that strategic consensus has positive effects on firm performance. Amason (1996) notes that consensus is far more than simple agreement. He argues that true, shared strategic direction requires active cooperation, faith, and trust among team members. He purports that TMT members "...must do much more than simply agree to or comply with the decision. They must both understand and commit to the decision if it is to be implemented effectively" (125).

The sub-section starts with an excerpt from 5i's strategy retreat in Snowhill, England in May 2004. This excerpt is an example of the ongoing conversations Ayesha and I held in which we honed our strategy by creating a dialogue with our shared mission-related values. The Snowhill Retreat is one in a series of strategy retreats we held every six months where we set aside at least three days to escape the tactical and held focused discussions in which we reaffirmed our values and mapped them into the strategic direction and tactical practices of the firm. We held informal conversations on our mission-related values in many locations,

particularly in lengthy dinners; on flights between Brazil, China, India, England, and the United States; and in our marathon ten to twelve hour car rides together to and from our base in Delhi to our operations points in Uttaranchal. Excerpts from other conversations that delineate or describe the critical importance of our values held in common in developing our strategy follow the first excerpt from Snowhill. Throughout this sub-section we see the combination of commercial and social constituents of our values translating into our programmatic strategy and then directly into our work.

Strategy Retreat, Snowhill, England: May 2004

Ayesha: *OK John, so your vision for 5i?*

John: *...A small social venture capital firm that operates from its own production base in a rural area, in the mountains of India. The firm provides organic farmers in Brazil, China, and India with access to consulting services and capital necessary to develop their ideas into enterprises. These businesses we build create jobs in rural areas and supply the market with a set of fresh or processed organic goods while operating with a limited ecological footprint. We will make the transition from a pure consulting practice to a consulting, investment, and organic produce processing practice. Local partners will work with us in engagements outside India. We will be a small, energetic, creative team working together. Those are my first thoughts on vision*

Ayesha: *Mine hits a lot of the points that you hit, but in a very different manner.*

John: *Ok*

Ayesha: *Ok, to me 5i will be a company that improves rural livelihoods in a manner that is environmentally, socially, and financially sustainable and we will do this by providing access to knowledge, finance, and markets. That's it.*

Ayesha: *We have two office locations, one in the production area and the other in the market/distribution area... It's a for-profit organization but it is not extractive. We are a non-hierarchical jigsaw puzzle.*

John: *Jigsaw puzzle?*

Ayesha: *Yes, each piece is different but fits in properly. Efficient, effective, and equitable. Non-bureaucratic*

John: *That's good*

Ayesha: *Streamline process for clients, not time consuming and easy to understand*

John: *Yeah*

Ayesha: *What is it that you guys do?*

John: *We process persimmon wine in Guangxi.*

Ayesha: And how are we involved? Not a touchy feely grassroots organization but definitely not an armchair organization either. Transparent operations and financially sustainable. Not your touchy feely frilly frilly little soft kind of thing. No, we are for-profit. You know how I feel about this.

John: I agree...Ok, now lets start a discussion on our philosophy. What would you say is, describe our philosophy?

Ayesha: Small is beautiful. Operating on a hands-on basis

John: Why is small beautiful?

Ayesha: Because of what we want to do, which is both of us going out working in the field rather than sitting and managing a host of people who do it, number one. Number two, because I think that you and I directing this company we can do it better by being out in the field, guiding this company.

John: Then you are saying, out in the field is beautiful.

Ayesha: I am saying out in the field is beautiful because that's where our work is.

John: I agree, out in the field is beautiful. Keeping small is beautiful for me because it means keeping a focus on craft-based products, which are beautiful.

Ayesha: Yes, that's the other

John: So small is beautiful because it allows us to be non-hierarchical, flexible, and engaged out in the field. It also means we can stay focused on developing craft-based products, creating a model that is possible for those with time and skills but limited capital. Being rurally-based is beautiful because we want to spend our time in what for us is both the productive zone and a place we enjoy, rural areas.

Ayesha: Right, right

John: Anything else? Small is beautiful, rural is beautiful.

Ayesha: Maintaining low overheads

John: Yeah

Ayesha: Keeping cost down

John: Yeah, as we say; equitable, efficient, and efficacy. The other thing for me, just is beautiful. Meaning that we are a fair firm, meaning we try to encourage just practices that are fair, that are based on 'soft paths' that reduce human impact on other flora and fauna in the areas in which we work and open space for redistribution of income. I am very much into us keeping a dedication to small-scale renewable energy and organic agriculture work and walking a 'soft path' in the ecosystem where we operate. At the same time we are not just pulling resources to assist those with resources but rather helping those with good ideas without a lot of resources.

Ayesha: One of our biggest strengths is in the financial modelling, financial conceptualization, and all that stuff but I think the one thing that we should be clear of, finance is only a tool, its means to an end. 'Soft paths', right.

John: 'Soft paths', 'soft livelihoods'.

Ayesha: Reducing impact on nature.

John: Reducing our impacts on the ecosystems in which we operate. Yeah, 'soft paths'.

Ayesha: And the whole 'walking the walk, not just talking the talk' kind of thing, not just going out there and spewing out stuff. But at the same time realizing that look, a commune could certainly be an equitable way at getting at what we are trying to get at, however, I am not the commune type of person, sorry.

John: No, actually I don't think the commune is the way. I actually don't agree with communes. I am not sure they are truly sustainable? I can't live that way. I know other people don't enjoy it, like you. The incentive structures haven't proven to be effective or efficient. I don't see it as the correct institutional structure for us or one in which we could invest. I think producers' cooperatives have been shown to work, getting together for certain productive activities is perhaps a good idea?

Ayesha: What else. Hands on, that's one of the most important things.

John: Hands-on for the managers.

Ayesha: Yeah, us being hands-on. Going back to small, outsourcing certain things rather than bringing on staff to do it as (a) because I think given our size and given the volume of work we don't currently have the volume to sustain a significant full time staff, and (b) I think our highest value addition is in sitting in these rural areas and trying to work with farmers, with small entrepreneurs and helping them craft a rural business. In some way you can train someone to do that but it's like a photocopy, it's not as good as the original. I am not saying you and I are the bees knees and we are the ultimate...

John:... Good, I think we are articulating our philosophy into our strategy...OK, in sum, our focus is small-scale, start-up stage, attractive to us from the investment point of view, commercially-oriented and viable, benefits accrue to organic farmers in rural areas,

Ayesha: And obviously 'soft paths.'

John: 'Soft paths', yeah. Sectors – small-scale renewable energy and organic agriculture...Ok, those are our focus areas. Let's take the objectives. Objectives?

Ayesha: 'Soft paths', perpetuating, investing in, developing.

John: Yeah, developing a 'soft paths' approach.

Ayesha: And I think bringing income into rural areas.

John: Yeah

Ayesha: Your thing of benefits accruing to organic farmers.

John: Helping those with good ideas but without assets. Changing consumption patterns by increasing the availability of subject goods...

Ayesha: Would you be open to investing in a poultry farm?

John: No. My personal philosophy, I am interested in seeing if you would agree, no processing that has a negative impact on animals.

Ayesha: Well, for example, does a dairy farm have a negative impact on cows?

John: *That's at a border one for me. Wool processing, well that's actually over the border.*

Ayesha: *Yeah wool is fine for me.*

John: *The place where it comes to a border for me is in diary and eggs.*

Ayesha: *I think you may have touched on this is a previous point, but investing in things in a manner that creates an asset base for us so as to make ourselves more sustainable. For example, food processing, or an organic vegetable distribution or whatever, but starting to take little equity stakes in some of these ventures that we work in so we start building little 'nest eggs'.*

John: *Investing in things that create assets for us that reduce our dependence on clients*

Ayesha: *Weaning us off of client capital. That's one thing we have to have to focus on*

Ayesha: *And very clearly we are not a charity organization but making sure we are venture capitalists not vulture capitalists.*

John: *At the same time, not commercial banks.*

Ayesha: *Not rigid...*

John: *Commitment to the philosophy. I think a strength in what we do is that we are both committed to what we do, we are both committed to delivering high quality products and services. We are committed to what we are doing and the way we are doing business and therefore we work hard at it and we sacrifice a lot of things for it. We both are very committed to what we do and how we do it....We keep our focus tight. The one thing that we've got is a tight focus, to have a focus where we can shut out and say no to certain things like that recent climate change solicitation that Chi and Julia sent out, that both of them said, "did you want to apply to the International Utility Efficiency Partnerships climate change solicitation," and we said "no!" Not only don't we want to work with large utilities, we also don't want to work on large projects, we are interested in rural, we are interested in small. We are interested in these types of things, interested in organics, these keep our focus tight.*

An excerpt from the Executive Summary of the proposal 5i submitted to IKF when seeking funding for BRFT is presented below. This excerpt illustrates how the values that first motivated us to start 5i and, then, as shown above, were inculcated into our strategy, are realized in the work we bid, and in this case won. Finally, an excerpt from our second progress report on BRFP submitted to the British Embassy in Brasilia and IKF in London shows us placing our program-related values into action in the implementation of the project.

Excerpt from the Executive Summary of 5i's proposal submitted to IKF in London and the British Embassy in Brasilia on 14 April 2004

The State of Alagoas is one of the poorest in Brazil with half the population living below the poverty line on household incomes of less than £18 per month. The state's rural economy is driven primarily by sugarcane cultivation and processing. Poverty in the rural areas of the state has its origin in an economic and political system in which benefits such as control of productive assets and relief from taxation accrue to a few families who own the major sugarcane assets and to "coronéis do sertão" who maintain political control by purchasing votes and harassing rural labourers. The poorest 50% of Alagoas' population receive 14% of the state's income and the wealthiest 10% receive 46.8%.

Development projects in Alagoas, including those targeting rural districts, have largely focused on urban residents. 62,000 dispersed rural households in the state do not have access to the electric grid or potable water. Residents of these "communities" mainly practice subsistence agriculture; cultivating beans, rice, and corn for household needs or work on the sugarcane estates. As income generation options in subsistence agriculture are, by definition, limited; markets for the three crops saturated; and opportunities for promotion on sugarcane estates remote there has been rapid rural to urban migration.

Associations of micro-scale farmers initiating the execution of sustainable agricultural practices in Alagoas are interested in introducing renewable energy-based processing systems to add further value to their products however, the upfront cost of such facilities is high and financing to defray such costs is not accessible from banks. The associations currently provide a limited menu of financing options to members and have not yet financed any processing facilities. The BRFP proposed by 5i presents a three step approach to help associations strengthen their existing financing mechanisms, pool funds, and make loans for subject applications. First, a *rapid assessment* will be conducted to determine the financial position and practices of target associations. Second, the team will design and execute two *pilot courses* to teach associations to successfully intermediate funds and provide subject loans while testing the course curriculum and materials *and* also conduct a *train-the-trainers* course to train Ecologia e Meio Ambiente (EMA) to execute courses for other associations. Third, in the *operational phase* EMA will teach six courses and works with 5i to provide technical assistance to help associations hone the mechanism. The Program builds on similar work by e³V in India.

Excerpt from 5i's Second Progress Report on BRFP sent to IKF in London and the British Embassy in Brasilia on January 1, 2005

During the first months of the Second Quarter, [John] travelled to Brazil to assist local partner EMA in completing the Comprehensive Survey on the first association of organic farmers in Ilha do Ferro, Alagoas. The survey was completed on 22 November 2004 and was forwarded to the British Embassy in Brasilia as well as to IKF. On the mission, [John] also met with the Executive Director of Movimento Minha Terra (MMT) to discuss the Program and then visited several groups of organic farmers in Alagoas which had been organized by MMT. One of the MMT groups will be the target for the second comprehensive survey and pilot training session and several of the other MMT groups are expected to be trained during the scale-up phase of the Program. In November and December, 5i developed the training manual on "The Formation and Management of Self Help Groups and Federations from a Credit Perspective: The Basics". The prime purpose of the Training Manual is to assist 5i in training EMA to help organic farmers in Alagoas foster the development of Self Help Groups (SHGs) through which they manage micro-credit mechanisms that open the opportunity for the financing of renewable energy-based processing equipment and other products and services that expand the breadth and depth of their options for sustainable livelihoods. The Training Manual will be used as the basis for the courses for the organic farmers as well as for the Train-The-Trainers' course for EMA. The first pilot course for the association of organic banana farmers in Ilha do Ferro will be held on Wednesday, 2 February 2005

and the Train-The-Trainers course for EMA will be held on Monday, 31 January in Maceio.

The following excerpt from our strategy retreat at the end of 2004 summarizes our commitment to our values in 5i's mission and their importance in our work at 5i.

Strategy Retreat, Tokyo, Japan: December 2004

Ayesha:...*I think a basic agreement on principles between you and I. Whether on the one hand in terms of the whole issue of a 'soft paths' approach of what we are doing here, why we are doing it. And then on the other side a belief in a particular work ethic, a belief in also things like, yes, one of our consultants (staff) has done a fabulous job for us and we are moving this person into another space. We should give this person a promotion and a raise along with it. We agree on what is fair.*

John: *Yeah and we believe in empowering people who do well...*

Ayesha: *For me it would be very difficult to work with a person who says, "well we just brought this person in, and gave this person a great raise and this person may be doing very well, but it was scripted into this person's job, we've given him a raise, let's not give him another raise because, well, you know that kind of cuts into our profits and our budget. This person is going to continue working for us anyway so let's just."*

John: *That's another place that you and I agree, I think. I hope? Is on the greed side of it. Both of us I think are not in this to make a lot of money out of it. We believe in the private sector philosophy and the commercial approach because we think that's the right engine for sustainability, but we are not looking for that engine to produce lots of material wealth for us.*

Ayesha: *Yes*

John: *We want a decent return and we want a reasonable living, but we want to do this in a way that builds-up income for others with less income, at the same time while reducing our impact on the ecosystem in which we are operating*

The findings of this research extend our knowledge on strategic cognition by adding a perspective from a social entrepreneurial new venture. Social enterprises are, by definition, built around a social and commercial mission. However, there is little research known to this author that explores how strategic cognition works as social entrepreneurs shape their ventures. This sub-section has traced how Ayesha and I ploughed the commercial and social elements of our values into the crafting of our strategy in 5i. As the previous sub-section on motivations illustrated, the opportunity to develop a firm in accordance with our values was a key motivational factor for us in starting-up 5i, here in this sub-section, we see that our shared mission-related values were also critical in defining both the strategy and operations in our firm.

Ayesha and my process to define our strategy and operations in the start-up phase of 5i began with agreement on mission-related values and was followed by our open discussion of and joint articulation of these values into our strategy and then into our proposals which we presented to potential clients for consideration. When clients contracted us we translated these values into the terms of reference for our work and our operations. This process strengthened our relationship; we both were active participants in the creation of the direction for and arrangement of the operation of our firm. Ayesha and I usually ended-up on the same page when it came to program-related values and how to integrate them and this continual process of reaffirmation, illustrated in the excerpts above, created cohesion and reinforced the trust we have in one another. These excerpts show consensus on mission-related values for us was far more than simple agreement. Agreement stemmed from our open discussion on these matters which required active cooperation, faith, and trust between us. When we were going into a decision on our approach we talked through its precursors, we first took time to make sure we were both comfortable with it, and that it fitted within our ethical framework, and then committed to it. We then worked through what this commitment meant from a tactical perspective. This sub-section has shown how our relationship was a moderating force in the movement of our program-related values from ideas to program operations. Further exploration of this process can be seen in the next sub-section on communications.

COMMUNICATIONS

The quality of communications in teams depends on frequency, formalization, structure, and openness of the information exchange. Frequency refers to how often and extensively team members communicate. Formalization relates to how much preparation is required before communication among team members can occur. The structure of the communication depends on whether direct communication is possible, or if information exchange between members occurs through mediators. Openness refers to how openly and sincerely information is shared. The discussion on and examples of communications between Ayesha and I in offered in this section show an informal, direct, and frequent pattern of communications between us. For example, in 2004:

- Ayesha sent approximately 374 work-related e-mails directly to me (prime recipient) and I sent approximately 249 directly back to her.
- Ayesha and I travelled together for 195 days in Brazil, China, and India in 2004. On each travel day, we spent at least 8 hours working as well as eating breakfast, lunch, and dinner together.
- Even while we were on separate continents we spoke often. For example, from August 30th until September 24th, 2004, while Ayesha was in India and I was in England and the United States, Ayesha called me 40 times on work-related matters during the 25 day period, with an average conversation lasting roughly 7.5 minutes. From October 2nd to 15th, 2004, while I was in England and Ayesha was in India, she called me 50 times on work-related matters during these 13 days, with the average call lasting approximately 12 minutes. Ayesha mostly calls me as it is cheaper to call from India to the United States and England than visa versa.

Open communications was called out by both Ayesha and me as a critical enabling condition in the start-up phase of 5i. As would be expected in communications between close colleagues, our communications contained both social and functional elements. Below is an e-mail that illustrates this mixture in our communications, and then, a few excerpts from our accounts highlight the importance communications held for us as an enabling condition.

I often write in capital letters in reply to Ayesha's e-mail, in this case Ayesha sent me an e-mail on 12 March 2004 and I scripted my reply, also on 12 March, in capital letters into the text of her mail.

From: John
Sent: Friday, March 12, 2004 3:46 PM
To: Ayesha

HI..REPLY IN CAPS BELOW YOUR TEXT

1. Very quickly on MHP 1 - [MHP consultant] has placed a civil engineer in MHP 1 now - have started the civil works. The new power plant will have an installed capacity of 95 kW. They hope to complete installation by 15th of June. They are yet to survey the other sites of [organic tea garden company], which [MHP consultant] will do when he visit them next (in the first week of April?).

GREAT...LETS PUSH TO GET THE ERPC SIGNED ASAP (after [climate change consultant] reviews).

2. Now, more complicated, on [MHP 2]. The following are excerpts from [MHP consultant's] mail:

"Unless we have a local office/firm we will not be able to operate [MHP2]. I have spoken with [state government officer responsible for MHP] and other guys in Gangtok to suggest a local partner for [MHP consultant's company]. Then only [MHP consultant's company] can build, own and operate this project. (Your uncle is trying to organize a MNES workshop on small/micro hydro in Sikkim). I am seriously pursuing a branch office in Siliguri. I am working out the costs of this operation. I will send you the data as soon as I develop."

I have not communicated with [MHP consultant] further on this, as I think it may change things a tad. Maybe we should reconsider and put the \$14,000 into [MHP consultant's company] towards setting up an office in the region? However, if this happens, how do we finance MHP2? My feeling...is that MHP2 will not go through before the end of the monsoons (August/Sept), and this may buy us some time? We could put the investment into [MHP consultant's company], use the time now to set up the office in the region and complete surveys on other sites (MHP2-related, other organic gardens, and Sikkim), and then look at beginning construction-related expenses (and finance?) after the monsoons, by which time we will be in a better (hopefully) financial position or will have a Sikkim bundle we could give to [infrastructure finance company]?

Based on what we decide, I will speak with [MHP consultant] about our perspective. Assuming he is okay with it, I will move ahead towards working on the b-plan. I have a nasty suspicion I am going to be writing the [MHP consultant's company] b-plan; however, I do believe that this is a better approach in the long run. I just wish I could spend a day or so with [MHP consultant] now before I started writing, especially if I am going to start with the [MHP consultant's company]. Actually - if this is the case, I may forward a template (with only headings and notes on what to include in each section) to him, ask him to take a first cut, and then work with him on it. Anyway - let me know.

I AM VERY COMFORTABLE WITH US MOVING FOWARD WITH CONSIDERATION OF AN INVESTMENT IN [MHP consultant's company]. [Investment fund manager] AND I DISCUSSED THE POSSIBILITY OF [MHP consultant's company] DEVELOPING A LEASE FINANCE BUSINESS AND IF THIS WERE TO COME TO PASS WE COULD SOLVE THE TWO PROBLEMS, I.E. INVEST IN [MHP consultant's company] AND INCLUDE CAPITAL FOR THE LEASE SIDE OF THE BUSINESS WHICH COULD BE USED TO SUPPORT PASSINGDONG. [Investment fund manager] IS INTERESTED IN PARTICIPATING WITH US IN [MHP consultant's company]. HE CAN SUPPLY A LIMITED AMOUNT OF CAPITAL, ASSISTANCE IN DEVELOPING THE BUSINESS PLAN, AND MANAGEMENT SUPPORT UNDER [Investment fund manager] AS WELL AS HELPING [MHP consultant] DEVELOP OPPORTUNITIES IN THE SOUTH. PLEASE CHAT WITH [MHP consultant], LET HIM KNOW[Investment fund manager] AND I SPOKE, AND TELL START DEVELOPING A BUSINESS PLAN FOR HIM BUILT ON THE DEVELOPMENT OF PROJECTS IN THE NORTH

UNDER A DIRECT SALE (TEA ESTATES) AND LEASE FINANCE (SIKKIM) MODEL.

3. [MHP consultant] also wants to meet with [two organic tea gardens] (the last two estates we visited), and wanted to know what (if any) the extent of our interest and/or support would be? I figure we can help with the b-plan, accessing financing, and constructing the carbon side of the project. I think we should leave the bit about buying the carbon out for now? Again - let me know.

I AGREE BUT I THINK THAT YOU COULD SAY WE ARE CONCEPTUALLY INTERESTED IN BUYING THE CARBON.

4. On the LTH front, we are going to move ahead with [section 25 rural development company] being the sales agent. I am going to put together the outline for the b-plan and meet [JP Director and their officer responsible for LTH] to decide who is going to fill out what section. I am going to take the financial bit for sure. I will forward the draft to you asap. The survey started today, and we should have our data by Wed. [JP Director] and I are going to meet [solar company] in Delhi on Mar 22nd... I am planning on coming back here on/around Apr 1, and will stay for about 2 weeks or so.

OK ON [section 25 rural development company] BUT LETS BE VERY CAREFUL HOW WE CONSTRUCT OUR PARTICIPATION, I LOOK FORWARD TO SEEING A DRAFT OF THE PLAN.

I have a lot of work to do here. I have decided I am not going back to Delhi - EVER! Just kidding. I am already dreading leaving. It's not so much that I don't want to be in Delhi (although that is part of the calculus), its more that I don't want to leave here. All the fruit trees are bursting with blossoms - the apples are white, peaches are a deep pink, apricots are pink, and plums and pears are white. The forest has more shades of green than I have ever seen before - from the dark oak leaves, to the lighter pine needles, to the almost translucent baby leaves of trees that I don't know. In between the forest - every so often - there is a clump of deep red, where the resident rhododendrons have decided to flower. There is a lot of noise - but if you actually listen, its the birds. I Never thought birds could make so much noise! Unfortunately, I don't know who is speaking, but given its spring, I think I know what everyone is saying! The weather is beautiful - cold in the morning and evenings (I need my fleece) and the days are beautiful bright with blue skies and a very warm and welcoming sun. There is a light breeze that carries petals of different colors with it. You can actually FEEL life in everything around you. One would be insane to leave this place. And, if you think I am going back just so I can speak to you for 10 minutes to hear that the meeting went well, and that they will get back to us soon, and that you are on your way to the beach...FORGET IT! I KNOW that this is what will happen - but I also know that if I don't go back, then we WILL have to write volumes back to them by Monday! I HATE THIS. Oh well, at least I got to come here now. And I will be back here within about 12 days...

VERY NICE...IT BRINGS A...SMILE TO MY FACE TO HEAR THAT YOU ARE FEELING SO CONNECTED.

ON SCHEDULE, I AM NOT GOING TO THE BEACH BECAUSE MUM HAS FINANCIAL CLOSINGS ON A SET OF CONTRACTS SO I WILL GO TO THEIR HOUSE INSTEAD....THIS MEANS I WILL BE AT EVG ON FRIDAY MORNING AND BACK AT THE APARTMENT IN THE AFTERNOON. I THINK IT BEST IF YOU COME BACK TO DELHI...I KNOW, I AM NOT A CITY PERSON EITHER, BUT IKF IS ALSO LIKELY TO MOVE IN THIS TIMEFRAME.

AS FAR AS APRIL GOES, I WILL BE THERE AROUND THE 19TH OR 20TH. I HAVE HEARD NOTHING FROM [UN officer] SO PERHAPS BRAZIL WON'T

MOVE FORWARD. I WOULD LIKE TO SCHEDULE DISCUSSIONS WITH [section 25 rural development company] AS SOON AS I ARRIVE (2 NIGHTS IN DELHI AND UP). ALSO, LETS SCHEDULE DISCUSSIONS FOR BOTH OF US WITH [MHP consultant] SOON AFTER I ARRIVE. I WOULD SUGGEST YOU WAIT UNTIL YOU HEAR FROM [Swiss foundation Board member] AS FAR AS YOUR SCHEDULE GOES FOR APRIL...12 DAYS MAY BE A BIT TOO SOON. IT MAY MAKE BEST SENSE FOR YOU TO GO UP IN MID-APRIL WITH HIM...I BELIEVE IT IS WELL WORTH SPENDING HOURS WITH HIM IN THE CAR...AND THEN JUST STAY THERE AND SEND A CAR TO PICK ME UP.

More later...Ayesha

Strategy Retreat, Snowhill, England: May 2004

John: *...one of our greatest strengths or our greatest strength is that you and I have a close working relationship that helps in brainstorming it helps in just the exchange of ideas. We have so little that blocks us in talking to each other through ideas and that really helps us in working through ideas. You and I travel together we're always together we are constantly going through ideas.*

Ayesha: *Yeah, I have that down too [as a strength of 5i]*

Final Discussions on Critical Points, London, England: October 2005

John: *Yeah I agree that open channel of communications is very important and keeping that channel of communications always open.*

Ayesha: *Yeah, and as I was saying, regardless as to where in the world we are, we are always within reach and can always speak to each other. And there are times when you are with your family or I am with mine and for a maximum of a day and a half or two days we disappear off the radar screen, but realistically, God forbid, if there is an emergency situation and I needed to reach you, I most of the time can. And this is where the personal professional is a good cross with you and I having the humour and the sarcasm, in addition to the open communications channels and trust, and all that part of it, that I think actually helps getting through the day and our work much easier. Sure it also opens channels for you and I to take out things on each other, you know you yelling at me or me yelling at you when it's not each other's fault, but you know I think that that is partially why we are able to work at the level we do.*

Almost everyday during our start-up phase Ayesha and I discussed problems and shared information with each other. The structure of communications between us permitted us to execute our work quickly, without the burden of pretence and under a veil of trust (see next sub-section). We committed to a set of shared mission-related values and a strategy for 5i based on them that we were continually honing together and then engaged each other in a constant dialogue on the tactical process for achieving our mission-related goals. Trust facilitated our communications and visa versa. As Ayesha pointed out in her ethnographic account, we didn't talk to each other because we felt we had to clear decisions with each other, but because we valued the other's insights and often needed help. We kept

communications channels open, and, literally, at almost any time, the other was available for consultation. Low-cost communications tools, such as e-mail and global cellular calling packages, permitted us to communicate while we worked thousands of miles away from each other, but the technology only facilitated our exchange. It was our shared mission-related values and trust in each other that enabled open communications and permitted us to craft our programmatic content between four continents in the first 18 months of operation of our firm.

TRUST

This sub-section takes as the starting point the definition of trust offered by Mayer, Davis, & Schoorman (1995) as well as the constructs of ethical and competency trust articulated in Section One. The trust that existed between Ayesha and I in the start-up phase of 5i was the most important critical enabling condition for us (conversation, September 2, 2006), but one of the least discussed, we simply took trust as a fundamental given. A few excerpts from our ethnographic accounts that deal directly with trust are provided in this sub-section, but the evidence of trust between Ayesha and I can be seen in almost all of our dialogues that are included in this section of the thesis. As the excerpts from the ethnographic account below indicate, we had confidence in each others ability to do the work we've assigned ourselves. Further, Ayesha had confidence that I would adhere to our shared mission-related values and principles in articulating what we are doing and bringing it into our practice (what Ayesha called the intellectual side of our work), and I had the same confidence in her. Thus, mutual trust acted as a governance mechanism. Evidence in our practice can be seen in the fact that for the 18 months following our registration Ayesha and I never had a share holders' agreement (SHA). In most investments SHAs between the investing parties are standard practice. If other parties had joined in the shareholding in 5i, a SHA would have been written and signed at the same time as the corporate Memorandum and Articles of Association. Ayesha and I did not make a SHA a priority because we trusted each other.

Ayesha and I exhibited both ethical and competency trust that, as the passages indicate, found its roots in spending a few intense years working together prior to starting 5i and our

agreement on the mission-related values and how these were expressed in the design of the work that we did.

Ayesha's Journal II: Page 5

To me trust is the single most important ingredient in any relationship; be it personal or professional. I have always been a person who has entered a new relationship at the point where I trust the other person/entity.

Ayesha's Journal II: Page 17

...the only person that I trust completely on ANY issue pertaining to 5i is John. And this trust is not because John is my partner in 5i or a fellow director or colleague, etc., but because I trust him intrinsically. Even if these other relationships (partner, director, etc) did not exist, I would still trust him.

John's Journal: Page 4

In the first few pages of this journal I've kept aside one of the real treasures and pleasures of starting 5i and that's my partner in the firm, Ayesha. Very seldom do you find someone who you connect with, that touches you and that commands your trust and respect. Who opens up for you new possibilities and who works with unbridled energy to deliver on such possibilities. A person of immense strength and sensitivity and freshness and vigour. Ayesha is such a person. Without her, 5i doesn't exist for me but our relationship goes way beyond 5i.

Strategy Retreat, Tokyo, Japan: December 2004

Ayesha:...We've known each other for a couple of years but we've known

John: More about each other as friends, as colleagues...

Ayesha: We've spent a lot of time together over the last couple of years and I think there is, most times at least, a basic trust that exists. I have signing authority up to US\$5,000 or US\$6,000 whatever the exchange rate is. I could be writing

John: But you have complete control financially

Ayesha: Yeah, I could write ten checks of Rs. 249,999

John: If I can't trust you, I shouldn't be in this company, and if you can't trust me, you shouldn't be in the company

Ayesha: That's exactly what I am saying. There is that level of trust. And I defer to you intellectually. Because I trust you intellectually 9 times out of 10. I am not going to always just take what you say and accept it to be true with due respect

John: Thank you, thank goodness.

Ayesha: Nine times out of ten I defer to you. There is that intellectual confidence.

As the discussion and previous sub-sections have illustrated, Ayesha and I had ethical and competency trust built on our shared mission-related values, their articulation in practice, and trust in each other's work. One of the critical, though subtle, benefits of trust can be seen in

the cohesion it helped to create between Ayesha and me. Cohesion can be defined as “the degree to which members of a group are attracted to each other” (Shaw, 1981: 213 cited in Ensley & Pearson, 2005: 270). Cohesion has a strong history of impacting team behaviours. Specifically, many studies have linked cohesion to team performance (see Ensley & Pearson, 2005 for references). Cohesion in TMTs has been shown to be important for a variety of reasons. Smith et al. (1994 cited in Ensley & Pearson, 2005) noted that cohesive teams “that work well together, react faster, are more flexible, use superior problem solving techniques, and are more productive and efficient than less integrative teams” (432). Ayesha and my tight level of integration in our relationship is a function of belief in shared mission-related values, and the ethical trust this shared framework and the competency trust work together under it, has engendered.

Section IV: Discussion and Findings

The research presented in this Chapter illustrates Ayesha and my interpretations of how our relationship as 5i’s TMT constituted the location for a set of enabling conditions we found to be critical in the start-up phase of our new, international social entrepreneurial consulting practice. This final section of the Chapter begins by reminding the reader that the epistemological and ontological orientation of this thesis and the methodology selected for research assert that findings from a poststructuralist, interpretive ethnography and autoethnography can be found in the local voices Ayesha and I deliver in our prosaic experience as entrepreneurs in our dialogues presented in this Chapter. The voices in our dialogues should not be looked on as mere provocateurs of theory, rather in the excerpts from our entrepreneurial tale we hope to have offered the reader insights into the critical enabling conditions we faced in the start-up phase of 5i. However, interpretive grounded theory methods encourage a provocation of pragmatic theoretical themes from the research text and this section focuses on such. The first sub-section discusses the findings presented in this Chapter. The second provokes these findings to reveal pragmatic theoretical contribution to knowledge on TMT relationships in the start-up phase of ventures that are both social enterprises and new ventures, reaching across international borders from birth. Finally, to

conform to the requirements of my discipline, books and journals are pulled off the shelves and the findings grounded in this research text are related to some of the previous works in the relevant streams in the literature.

REFLECTIONS OF FACETS OF OUR RELATIONSHIP

The facets in Ayesha and my relationship we interpreted as critical enabling conditions, in our work with grounded theory methods, is presented in the excerpts from our internal and external dialogues in the previous sections of this Chapter. This sub-section divides the discussion of these findings into three groupings that loosely parallel the delivery of data in the previous sections: 1) functional attributes, 2) shared mission-related values and strategic cognition, and 3) trust and cohesion.

Functional Attributes: The delivery of data in this Chapter began with Ayesha and my declaration of the critical enabling conditions we saw in the stockpile of achieved functional attributes we each brought into 5i. In our short autobiographies and the first set of dialogues presented in the second section of this Chapter we see that we interpreted our prior work and family experiences and education as critical enabling conditions for us in the start-up phase of 5i. In the case of Ayesha, her work with Eden-India for a couple years gave her a background in the renewable energy sector directly relevant to our work at 5i, particularly as her experience involved the development and delivery of enterprise incubation, institutional strengthening, and financial structuring services to support small-scale renewable generation assets for agricultural operations in rural India. In addition, her involvement in her parent's organic farm and frequent travel in rural India gave her further familiarity with the rural dynamics applicable in 5i's domestic operations base. In my case, my autobiography illustrates that I worked since 1990 with a global non-profit focused on rural development, the association representing the solar energy industry in the United States, the finance side of an international consulting firm, and an investment trust. In all of my previous jobs I was designing policy mechanisms and/or crafting, developing, and executing enterprise incubation, institutional strengthening, and financial structuring programs to support the

development of small-scale renewable energy systems, primarily in agricultural applications in rural markets. This experience base gave me a solid background relevant to our interests in building 5i. Particularly salient were my two decades of work and study in sustainable agriculture and energy practices in rural northeastern Brazil and the five years I had worked in the incubation and finance of renewable energy applications in rural India prior to joining 5i.

On the operational side, the benefit of Ayesha and my past experience was particularly evident in our import of financial systems into 5i from our previous workplaces and our fine-tuning of such to fit our requirements. We also harnessed our previously acquired mission-related knowledge and know-how to bring into our operational configurations technology (e.g., solar, micro-hydro) and financial instrument design (e.g., guarantee structuring) as well as business incubation (e.g., development of business plans, training, and financial planning) and institutional strengthening (e.g., farmer self help group and federation organization, financial officer training) services. Our experience base taught us how to evaluate the potential for and then structure applications of: technology, financial instruments, and incubation and institutional structuring services as well as how to determine the viability of such in particular cases. On the market side, Ayesha's experience base in rural India and her comfort in speaking Hindi, and, my fluency in Brazilian Portuguese, and understanding of the rural markets in northeastern Brazil, helped us to identify market niches for our services. Both Ayesha and I had also raised funds in our target client market before and so we knew well the formats, procedures, and appetites of some of the actors we were targeting in this market. Our past work experience and success in designing, raising funds for, and executing projects for renewable energy and sustainable agriculture applications also gave us the confidence we needed to form a company that would provide these services on our own. Finally, we found our education provided us with skill sets and intellectual base that constantly came into play as we built our operations.

In sum, the findings delivered in the second section of this Chapter demonstrate that Ayesha and my past experiences helped us to craft strategies, envision markets, identify clients, build

and bid proposals for contracts, and design programs and then to take them operational. We cited this, our joint stockpile of achieved functional attributes, as a critical enabling condition for us, providing clear capacity benefits which we realized in 5i's start-up phase. However, the bulk of such findings offer nothing new from a theoretical perspective. Founding entrepreneurs' stockpiles of functional attributes have been viewed as critical to start-ups for many years (see Brush & Manolova, 2004 for a comprehensive set of references). Our findings simply contribute the pedestrian, but unique, perspective of two founding entrepreneurs on the critical value of functional attributes local to the start-up phase of a new international social enterprise, a perspective that is not commonly found in the literature.

There are however new insights offered in Ayesha and my internal and external dialogues that extend the perspective in the literature on one functional attribute we articulated to be critical during 5i's start-up phase: the use of financial systems and the consideration of financial sophistication (Katz and Caezuelo, 2004) in the start-up phase of new ventures. To begin the discussion on the critical importance of financial systems to 5i as an INV, it is worth summarizing the key aspects of such systems, brought into our firm from our previous work experience and installed and honed to our requirements, presented in the previous sections in Ayesha and my dialogues and my field notes and memos. We state that there are at least two critical impacts in establishing robust financial systems in 5i at the birth of our firm:

1. Our creation of a chart of accounts, formal financial records, and a robust project - and organization-level accounting system at birth allowed us easy access to our financial data. Basic financial technology and associated hardware and software allowed us to easily, and cheaply, keep such records; maintain operational budgets at the institutional and project level; and access and work jointly on such from most places around the world. Our findings illustrate that we simply could not have managed the design, submission, and development of multiple projects and the administrative dimensions of an international consulting practice without maintaining formal financial records, applying basic financial technology to turn the data into

multiple useful forms, and utilizing financial projections to see the implications of our financial choices from birth.

2. The institution of formal financial records, financial projections, and basic financial technology from birth also permitted us to articulate our current status, vision of the future, and ideas for specific projects to our clients early in our start-up phase. In order to secure contracts for our work from potential clients we had to present a project and institutional vision and the budgets that would enable their realization. In order for us to get paid, these same clients required detailed invoices recording all our billings on a monthly or quarterly basis. We could not have made it past the concept stage, into the development of bids, closed on those bids, and then received payments from - and certainly kept - these clients without maintaining formal financial records from the outset that could be easily transmitted, accessed, and translated into reports as well as financial projections that showed them what we had spent and where we were planning on going next and our decision's financial impact on 5i.

Ayesha and my ethnographic accounts illustrate that in addition to the critical importance of establishing robust financial systems from birth and our functional ability to put such to use to support the growth of 5i in the firm's start-up phase, there are also social process dimensions salient in examining the criticality of the enabling factors created in our use of these systems. In our coding work with grounded theory methods, Ayesha and I found our trust in each other was critical to our ability to put these systems to use in the start-up phase of 5i. In the start-up phase we were often working thousands of miles apart. Given that we had intense pressures on our time, if we didn't trust each other to independently use the information in the financial system, for example to write checks or prepare budgets for proposals, the monitoring of the other on the use of the systems would have been too expensive for a company like 5i, with limited resources working to expand. The excerpts from our dialogues demonstrate that Ayesha and I found both *competency* and *ethical trust* in our relationship were critical for us to take full advantage of our financial systems. The connection of these findings to the

literature on financial sophistication in the start-up phase of new ventures and their implications in helping us develop a more textured view of this concept is provided in the next section.

Shared Mission-related Values/Strategic Cognition: Ayesha and my discussion on the factors motivating us to create 5i in the third section of this Chapter illustrate that when we set about to start-up our firm, we shared a set of values in relation to rural development in low income countries, values related directly to our fields of expertise and to building a successful commercial business. We see in our autobiographies that over the two years prior to registering 5i we had worked intensely together on projects that shared mission-related underpinnings with those we hoped to develop in 5i, and in managing such projects together, had seen one another translate the mission-related values in these underpinnings into our practices as professionals. Our dialogue on motivations illustrates that Ayesha and I were not comfortable with some of the organizational practices confronted in our previous work experience, such as a non-profit attempting to impose commercial principles on entrepreneurs when they themselves struggled to maintain financial efficiency and equitable practices. We declare that a prime motivation for us to start 5i was the opportunity to create a new venture in keeping with our social and commercial values where we could offer alternative pathways in the rural development.

Our dialogues show we were interested in creating a firm that worked from social and commercial values we shared, such as a soft paths approach to development in which we helped to create commercial entities that offered rewards of higher income in low income rural communities while conserving the ecosystem on which rural livelihoods depend. When we started 5i we translated our shared held values into a clear focus and purpose to which we were both comfortable committing. This process is demonstrated in our dialogues at our Snowhill Retreat where we were translating our mental models into 5i's strategy. Our agreements on mission-related values underpinned our choices of the sub-sectors (e.g., micro-scale renewable energy and organic agriculture) and geographic location (e.g., northeastern

Brazil and Indian Himalayas) in which we were comfortable working and the way we would work in these sectors through the development of a social enterprise. The excerpt from our proposal to IKF in support of the development of BRFP and from our second progress report on this project, that we were fortunate enough to win, illustrate how we moved our value-laden strategy into programmatic action.

The critical importance of mission-related values to us as an enabling condition came through in our work with grounded theory methods and the significance of these values to us can be loosely grouped into three clusters:

1. Ayesha and my journals entries in the sub-section on motivations cite the ‘autonomy to develop a venture in accordance with our values as a key factor motivating both of us to start 5i. We place a high value on the autonomy to develop a venture that is congruent with our values in both its operational and programmatic practices. For example, the entries from my journal declare my interest in developing a consulting practice that would work to facilitate the development of small-scale organic agriculture and renewable energy ventures that offer a socially just and soft paths approach to improving rural livelihoods in low income rural regions. Ayesha’s journal entries describe her interest in building a company that is congruent with her principles, which are revealed later through excerpts from the dialogue from Snowhill. We find, when looking at both these dialogues and our journal entries, that our mission-related values related to rural development and managing an organization are very similar. We both state that we are interested in building 5i as a commercially sustainable business and Ayesha, in her journal and later in the dialogue from the Snowhill Retreat, declares how a social enterprise, as opposed to the non-profit, is the appropriate organizational form for the development space we were occupying.

2. Further, the lengthy excerpt from the Snowhill Retreat presented in the values section shows how Ayesha and I ploughed our mission-related values into the definition of 5i's strategy. We were practicing strategic cognition here. The excerpt from 5i's proposals to IKF that, upon winning the bid, was then translated into the scope of work for our contract, shows how we then integrated values articulated in our strategy, into our business development and contracting. The snippet from our progress report illustrates how these values were then translated into our operations. Thus, our shared mission-related values guided us both in defining and developing our strategy and in programmatic action.
3. Finally, we see how shared mission-related values created an atmosphere of ethical trust. Ayesha and I both declared in the sub-section on trust that we trusted each beyond having faith that the other will perform a particular function in a responsible manner, to a professional standard. We illustrate that we each perceived that the other adheres to a set of ethical values shared with the other. We show in the excerpts from our dialogue that we identified with others' ideas and intentions and a solid reciprocal understanding of each other's values and standards of behaviour. We show we opened ourselves up to ethical decisions made by the other. Our ethical trust resulted in a very strong psychological bond between us. Our cohesive relationship based on shared mission-related values and the trust they engendered was a key enabling factor for us in starting a social entrepreneurial consulting practice that worked in a turbulent environment across international borders, attempting to change the status quo in rural regions in some of the poorest regions of Brazil, China, and India while securing consulting contracts in England and the United States.

The findings presented in this Chapter offer a perspective on the role of mission-related values in the TMT relationship in a social enterprise operating across international borders from birth. Ayesha and I shared social and commercial values and worked together to

translate them into our strategic cognition and programmatic approach creating a high level of trust, understanding, and cohesion between us. This perspective offers a new view into the role of cohesion in TMTs adding perspective from a social enterprise and INV. I contend that these findings indicate that our relationship was a cohesive crucible that greatly facilitated our ability to efficiently develop and execute programmatic action across international borders from early on in 5i's start-up phase. The theoretical implications of these findings and their connection to the relevant stream in the literature on social enterprises and INVS will be discussed in the next section.

Trust and Cohesion: The importance of trust in Ayesha and my relationship as 5i's TMT cannot be over-emphasized; the discussion of these findings has already illustrated how trust plays a pivotal role as a key enabling condition in 5i's start-up phase. In the dialogues in this Chapter Ayesha and I repetitively called both ethical and competency trust as a critical enabling condition that allowed us to act collectively to achieve our goals in the dynamic environment in which we built 5i. We saw that our trust in one another creates a context for open discussion. Ayesha and I challenged each other, but we didn't stop each other from exploring lines of thought and attempted to help the other come to grips with such. The sample from our e-mail correspondence demonstrates how we built work through open communications and our mobile telephone records reveal how often we talked to each other. Ayesha and I were constantly talking to each other during our start-up phase and when we encountered difficulty, we helped each other to work through it, and when we found new areas to explore, we worked together to see where they would take us. We also saw and felt, first-hand, what we were doing together and why we were doing it as time and again we illustrated that as we shared mission-related values, performed competently, and communicated openly, our trust strengthened and our already strong relationship was reinforced.

We see that our mutual trust also acted as a governance mechanism, we both understood that we would reliably fulfil our obligation of exchange from both an ethical and competency

standpoint. Thus, on the purely instrumental side, trust led us to rely more on implicit agreements and less on explicit, written contracts. One example is the absence of a SHA between Ayesha and I. Another can be seen as Ayesha and I gave each other complete latitude to initiate and make decisions in the start-up phase of 5i. We granted each other the autonomy and flexibility we required to think and to operate freely. We each gave the other complete freedom to adjust our program approach and realign our budgets. For example, as Ayesha mentions a number of times in this Chapter, I relinquished to her complete control of 5i's funds during the start-up phase. She could write cheques whenever she wanted. I simply trusted her. Ayesha indicates that she trusted me completely in developing our intellectual direction in accordance with our shared mission-related values. Our mutual trust in each other at both the competency and ethic levels meant that we were comfortable taking actions independently; this ability to act independently greatly facilitated our work in our start-up phase. When we were thousands of miles away we could each take steps to improve 5i's position whether in tactical day to day actions or at a strategic level. We were there if the other wanted support, but we did not constrain each other.

In sum, as our dialogues indicate, Ayesha and I entered 5i trusting each other. Our experience base prior to starting 5i allowed us time to get to know each other well. The sub-section on motivations shows that in coming together to form 5i we were committed to a set of shared values that together we articulated into 5i's mission. Both ethical and competency trust were reinforced as we constantly proved to each other in our work in 5i that we could continue to trust one another, this is shown in our agreement on shared mission-related values in our articulation of such into our strategy in the Snowhill Retreat. The excerpts from our dialogues then illustrate that we saw each other's values in practice as we designed and executed our programs that adhered to our mission. As we built 5i, the open channel of communications between us, shared work in crafting our mission-related values together and seeing each other translate them into action, and our intense, close working relationship allowed trust to grow. As each of us went about our business, we trusted that the other was committed to a similar set of values, so we opened ourselves to the ethical choices the other

made. Such ethical trust was vital to us as often we were making choices thousands of miles apart and, while electronic communications and solid financial systems facilitated the transfer of exchange of information necessary to make choices, it would have been difficult to always fully brief each other on all facets of the choice. Trust built cohesion in our relationship and this cohesion was a vital resource, and key enabling factor, in the start-up phase for a new consulting venture with little capital that works to develop operations overseas operations from birth. We had to trust, first, that the other would make a choice that was ethical, in accordance with our commonly held values, and second that their decision would be handled competently. As Ayesha and I had a strong ethical and competency trust in each other, we were highly vulnerable to each other's decisions. However, if we didn't have this trust, 5i firm would most probably have collapsed. Ethical and competency trust worked hand-in-hand for us from the beginning of 5i.

The ethical and competency trust Ayesha and I have in one another is a key enabling factor in 5i's start-up phase. The implications of the findings presented in this Chapter in relation to trust and their connection to the relevant stream in the literature on social enterprises and INVs will be discussed in the next section.

Section V: Pragmatic Theoretical Significance in the Findings

The poststructuralist, interpretive ethnographic and autoethnographic texts that form the basis for this thesis reveal the enabling conditions that Ayesha and I found in our relationship as we worked together to give birth to and nurture the development of 5i. Grounded findings surface when these texts are provoked through an engagement with interpretive strands in grounded theory methods. Our shared mission-related values, apparent in our motivations for coming together to start 5i and translated through strategic cognition into business concepts and finally into programmatic actions; the ethical and competency trust we had in one another based in our revealed shared mission-related values and work together under the mission we defined; and open communications between us, together with our engagement of our joint stockpile of functional attributes, are interpreted by both of us to be the enabling factors in our

relationship critical in the start-up phase of 5i. When these findings are teased with grounded theory methods we discover they offer a number of new contributions to knowledge on the critical enabling conditions that confront entrepreneurs starting social entrepreneurial consulting practices that move across international borders from birth and contribute pragmatic, theoretical constructs to the research streams in which they are located. This section delineates these contributions and constructs and discusses their relationship with the literature.

To begin, the research presented here considers a social enterprise that has non-commercial as well as commercial drivers central to the mission of the firm. The findings reveal that shared mission-related values that are concerned with both the commercial and non-commercial aspects of the firm, and their interplay in the relationship of the firm's TMT, can help yield an effective behavioural dynamic that creates cohesion. So what is new here? *The findings presented in this Chapter demonstrate how mission-related values in a social enterprise engendered trust and open communications and built cohesion and how such served as key enabling conditions in the start-up phase of a new, for-profit venture. Further, the cohesive nature of the relationship based in these values and the trust they engender is shown to be an enabling condition critical to the rapid internationalization of the firm from birth.*

This section summarizes the three new contributions to knowledge offered in this Chapter.

1. Adding a Social Perspective

Ayesha and my internal and external dialogues, and my work with grounded theory methods, reveal how our values in common, and the movement of these values, first into our strategy for 5i, and then into our work, created a virtuous evolutionary spiral. Our strong sense of belonging together in 5i, reached through consensus in our mission and the values that underpinned it, brought into business concepts through a jointly developed strategic cognition, facilitated through our open communications, and supported by a deeply embedded sense of trust, set the direction of the firm and were critical enabling factors for us in the start-up phase

of 5i. Ayesha and my affinity for similar values, a shared desire to build a company in accordance with these values, our willingness to invest our time and capital into the development of such a firm in 5i, and the high levels of ethical and competency trust and open communications between us created a stable and solid base for our relationship, as 5i's TMT, and for our work together. In the complex, rapidly changing, ambiguous international environment in which Ayesha and I operated in the start-up phase of 5i, our tightly bound relationship was vital.

The findings presented in this Chapter illustrate the importance of Ayesha and my tight relationship as an enabling factor in the start-up phase of 5i. This research illustrates how the cohesive collective dynamic in Ayesha and my relationship, as the TMT in 5i, had a direct impact as an enabling condition for our firm in the start-up phase. Previous studies have suggested that social interaction in entrepreneurial TMTs can play an important role in the start-up phase of new ventures. Coopers and Daily (1996) looked into decision-making processes in entrepreneurial TMTs. Ensley (1997) analyzed the effects of entrepreneurial team skill heterogeneity and conflict on strategic orientation and performance of new ventures. Francis and Sandberg (2000) investigated the role of friendship within entrepreneurial TMTs and its association with venture performance. Ruef, Aldrich, and Carter (2003) surveyed entrepreneurial teams to examine the social mechanisms governing the composition and structure of the teams. Theories exploring the impact of social processes in TMT relationships on cohesion, potency, and consensus in commercial ventures are now well defined (e.g., Amason, 1996; Amason & Sapienza, 1997; Ensley & Pearson, 2005; Ensley, Pearson, & Amason, 2002). The sociological perspectives adopted in these studies of social processes in TMTs offered a challenge to research on team formation and evolution that had argued commercial rationality dominates decision-making in TMTs.

Research on family firms has looked into the role of non-commercial 'social' values in commercial enterprises (e.g. Chrisman, Chua, & Litz 2003; Chrisman, Chua, & Steier, 2003; Davis and Harveston, 2001; Ensley and Pearson, 2005; Haugh, 2003; Zahra, 2003, 2005).

Recent work on family firms has also yielded insights into social interactions (e.g., Ensley & Pearson, 2005; Habbershon, Williams, & MacMillan, 2003) in TMTs. Davis and Harveston (2001) and Ensley and Pearson (2005) both find that the articulation of, and then work together in accordance with, shared non-commercial ‘family’ values, in closely knit family firms in which family members frequently share and communicate underlying values, promotes trust through greater information sharing and shared sense of purpose. These researchers argue that such firms exhibit far greater cohesion than TMTs in family firms where there is not such a strong sense in shared values. Cohesion of the TMT is essential for a variety of reasons. For example, Smith et al. (1994), as cited in Ensley & Pearson (2005), noted that cohesive teams “that work well together, react faster, are more flexible, use superior problem solving techniques, and are more productive and efficient than less integrative teams” (432). The findings in this research support the extension of the argument to social ventures. This research illustrates that the cohesion in Ayesha and my relationship was a result of common mission-related values defined and experienced through our work together as well as the open communications and the trust that seeing one another put these values into action engenders. The shared values in our social enterprise and our work together to integrate, and then abide by, these values created a cohesive TMT relationship similar to TMT relationships in family firms. Shared mission-related values and the trust and open communications they engendered in Ayesha and my relationship as the TMT in 5i served to create cohesion in our relationship.

The findings presented in this Chapter on mission-related values, grounded in the experience of 5i, provoke the extension of the conversation on the role of values in TMT relationships in entrepreneurial new ventures to include the consideration of mission-related values offered in a social enterprise. What separates 5i’s work from traditional for-profit companies is that as a social enterprise the firm has both social *and* commercial elements in its program values. The findings presented here illustrate that the presence of a social component in 5i’s mission played a role in strengthening the bonds in Ayesha and my relationship. As our values were enacted in defining our strategic cognition and then brought into our program action by

Ayesha and I over the course of the start-up phase of 5i trust was promoted, greater information sharing took place, and a shared sense of purpose resulted in our relationship emerging into a tightly knit social structure. In sum, we confirm that the benefits of cohesion in new venture start-ups are experienced in closely knit TMT teams that share common mission-related values, but add the dimension that the knitting can be done through mission-related values in a social enterprise. The next sub-section explains how such knitting assists in internationalization.

Finally, there is another set of findings that argue that performance is likely to suffer with higher levels of homogeneity in the TMT (see Nordqvist, 2005 for a discussion). This thesis challenges the research of Priem (1990) and Hambrick and Mason (1984), both as cited in Nordqvist (2005), that supports the notion that a higher level of TMT heterogeneity and lower levels of consensus in dynamic environments works to enable higher performance. This research demonstrates how in 5i, a firm with few capital assets looking to reach across international borders, heterogeneity in certain functional characteristics in the TMTs, such as language skills and background, was important, but homogeneity in values is a vital enabling agent. As will be shown in the next Chapter, the findings of this research also challenge such notions of heterogeneity in network contacts, thus providing a more textured view on heterogeneity and homogeneity in TMT relationships in start-up ventures. The importance of ascribed characteristic (e.g., gender, age, race) homogeneity as a facilitating agent in TMT and network relationships is challenged, the significance of heterogeneity in functional characteristics in the same agreed to, and the importance of heterogeneity in values disputed.

2. Knitting Values into International Entrepreneurship

In our start-up phase, 5i's business consisted of designing new products and services, launching new programs, identifying and winning new clients, and creating new markets through innovation across multiple national borders. In the turbulent, complex, ambiguous environment in which Ayesha and I operated in 5i's start-up phase there was a tremendous amount of uncertainty surrounding what we did. Ayesha and I needed to remain flexible, able

to adapt quickly in a volatile, complex market. Modelling the speed of internationalization of small, new ventures in such complex spaces is argued to be an important focus of research in international entrepreneurship (Autio, Sapienza, & Almeida, 2000; Jones & Dimitratos, 2004; Oviatt & McDougall, 2005) as there may be advantages in firm-level performance in internationalizing at a rapid pace (Autio, Sapienza, & Almeida, 2000). However, Oviatt and McDougall (2005) present the only theoretical model, known to this author, that deals holistically with a set of factors (environment, industry conditions, & entrepreneurial thinking) in governing the rate of internationalization through networks in new firms that and that internationalize from birth. Other researchers have dealt with components of the model (see the collection of works in Dana, 2004 and Jones & Dimitratos, 2004). Researchers have also examined how the stockpiles of functional attributes and ascribed characteristics brought into a new venture by founding TMTs reflect on internationalization (e.g., Carpenter & Frederickson, 2001; Reuber & Fischer, 1997; Shrader, Oviatt, & McDougall, 2000; Zahra & George, 2002). The findings in this research support the argument of a number of researchers who claim such characteristics can facilitate rapid internationalization (e.g. Reuber & Fischer, 1997; Shrader, Oviatt, & McDougall, 2000).

However, the bulk of the past research on TMTs related to international entrepreneurship decontextualizes the TMT from the firm they manage, thus it fails to “account for the idiosyncratic nature of each firm’s strategy and the social structure of the TMT” (Carpenter, 2002: 3) and, there is little case specific research that looks into the relationship in the TMT and its impact on internationalization at the firm level. The research on TMT relationships, and process within, in firms that internationalize instantly appears to be restricted to what can loosely be termed ‘the learning process’ and ‘knowledge management’ (e.g. Bell, McNaughton, Young, & Crick, 2003; Inkpen & Beeamish, 1997; Oviatt & McDougall, 2005) and the development of network relations, treated in-depth in the subsequent Chapter of this thesis. Surprisingly, given the emphasis in international entrepreneurship on “firm-level behaviour that creates value” (Jones & Dimitratos, 2004: 3) there is no research known to this

author that looks into the role of mission-related values and trust as enabling forces in the processes of firms that internationalization from birth. This is a serious gap in the literature.

The findings presented here illustrate that a high level of shared mission-related values in a social enterprise resulted in strategic consensus and operational cohesion that was critical in facilitating internationalization of a new firm. As such, this research adds shared mission-related values as one set of circumstances that can engender cohesion and potency and enable value creation. There appears to be little attention given to the role of shared values in the TMT relationship in facilitating small, social entrepreneurial practices operating across international borders from birth. In documenting the case of 5i, this thesis opens a view into the role of mission-related values, and the trust and communications they engender, in enabling 5i to cross international borders from birth. Shared mission-related values and in-depth competency and ethical trust in the TMT of 5i are shown to be a critical enabling factor in the firm's instant internationalization. As this Chapter has illustrated, the unique characteristics of such firms warrant further investigation into the dynamics of their TMTs and this research is a step in that direction. Future research into, and modelling of, the internationalization process may want to investigate the role of shared values in the process.

Knitting Together the Pieces: 5i is a social enterprise that worked to deliver both commercial and social results through the combination of social and business systems. In 5i, the sharing of mission-related values, trust, and open communications that resulted from the execution of the social systems in pursuit of the social objectives in our mission facilitated the tight knitting of the relationship bonds between Ayesha and me as the firm's TMT. The unique dynamics created by the sharing of mission-related values in our movement towards social goals in enterprise resulted in a high level of cohesion. The research presented here argues that the synergy created by shared mission-related values in Ayesha and my relationship was one critical enabling factor in our start-up phase. This research illustrates how such sharing of mission-related values created social processes in our relationship, particularly in the building of ethical and competency trust and open communications, which

facilitated 5i's move across international borders from birth and the firm's growth in its start-up phase.

3. Uncovering Trust in Gauging Financial Sophistication in Start-ups

By looking into Ayesha and my use of financial systems in the context of our relationships as 5i's TMT as we worked across three continents to execute 5i's operations, this Chapter also offers findings that strengthen our understanding of 'financial sophistication' (Katz & Caezuelo, 2004) in new ventures by introducing the role competency and ethical trust played as a key enabling conditions in the management of financial systems of 5i, as the firm reached across international borders from birth. Thus, this research adds a social process perspective to evaluating the role of financial systems in the start-up phase of INVs operating across international borders from birth, illustrating that it is necessary to include a look into the role of such processes when grading the 'financial sophistication' of a start-up. Katz and Caezuelo (2004) pioneered the concept of financial sophistication in their work investigating the use of financial systems in the start-up phase of nascent entrepreneurial ventures for the PSED. Many researchers prior to Katz and Cabezuelo (2004) had explored the relationship between the development of financial systems and new venture growth (see references in Katz & Cabezuelo, 2004). However, the concept of financial sophistication pioneered by these two authors is put to use as a research tool to investigate the robustness of financial systems for the canonical PSED. The PSED is a well-funded multi-country research exercise on entrepreneurship that, with the publication of its results as the *Handbook of Entrepreneurial Dynamics: The Process of Business Creation* (Gartner, Shaver, Carter, & Reynolds, 2004), may set the mark for much teaching and research on entrepreneurship to come, particularly in the United States.

Katz and Caezuelo (2004) describe financial sophistication in the start-up phase of new ventures as the nascent entrepreneur's "understanding of the financial elements of assets and liabilities and their interaction to create financial processes in an economic situation" (Katz & Caezuelo, 2004: 372). According to Katz and Caezuelo (2004), to measure a new venture's

financial sophistication in the start-up phase one must determine an entrepreneur's knowledge of financial management, procedures, and instruments and their skills in applying such. The two researchers posit that entrepreneurs who exhibit financial sophistication in the start-up phase are more likely to create successful new ventures.

While the concept of financial sophistication appears to be straight-forward and the role of it in the start-up phase obvious, its measurement proves more difficult. Katz and Cabezuelo (2004) developed three measures to gauge first-level financial sophistication: 1) *presence or absence of formal financial records*, 2) *presence of a business checking account*, and 3) *choice of cash or accrual basis for the finances of the business* and then add three additional measures to accommodate higher levels of financial sophistication: 4) *use of financial technology*, 5) *financial delegation*, and 6) *financial projection frequency*. Katz and Cabezuelo (2004) test their concept of financial sophistication by integrating their six measures into the survey instrument used in the PSED. The responses solicited from nascent entrepreneurs by the survey were designed to take snapshots of the robustness of financial practices within the entrepreneurial venture in the start-up phase. The survey requested 'yes' or 'no' responses from entrepreneurs on the first, second, and fourth measure; the selection of 'accrual' or 'cash' on the third measure; the choice from a menu of delegation options on the fifth measure, and a similar selection from a multiple choice menu on what projections are used and how often for the sixth measure.

The research presented here illustrates that the collection of such answers by Katz and Caezuelo (2004) in surveying 5i would only begin to scratch the surface in regards to understanding financial sophistication as an indicator for gauging the strength of financial practices 5i in its start-up phase. Ayesha and my ethnographic accounts reveal that it is how we used financial systems within the context of our relationship that illustrates their importance as critical enabling conditions for 5i in the start-up phase. In our coding work with grounded theory methods, Ayesha and I found we emphasized how our knowledge of and experience with financial systems were applied in our work. As the excerpts from our

dialogues demonstrate, without *competency* and *ethical trust* in our relationship, our financial systems wouldn't have been much use to us operating across international borders. In the start-up phase of 5i Ayesha and I were often working thousands of miles apart. Given that we had intense pressures on our time, if we didn't trust each other's use of 5i's financial system, for example to write checks or prepare budgets for proposals, the monitoring of one another on the use of the systems would have been too expensive for a company like 5i, with limited resources working to expand. Thus, we saw trust in the use of financial systems as the key critical enabling condition, not just the presence or absence of these systems, the use of technology, delegation to outside parties, and/or frequency in use of projections.

The findings in this thesis illustrate there may be advantages to not following the trend taken by Katz and Caezuelo (2004) in relying on survey-based snapshots of financial systems in new ventures when investigating financial sophistication as an indicator of strength in the start-up stage of a new venture. Instead, the findings presented here suggest an exploration of the textured process of a start-up's use of financial systems in the context of the relationship of those responsible for them. It is suggested that future research look into the role of trust and other dimensions of the relationships of those managing financial systems to gauge the financial sophistication of start-up ventures. From a positivist perspective, future research that looks closely into such aspects, rather than just at the presence or absence of a few indicators, may be able to draw stronger correlations between the success of start-ups and the firm's financial sophistication, thus strengthening the applicability of the concept piloted by Katz and Cabezuelo (2004).

The pivotal role of trust: The research presented in this Chapter highlights the pivotal role trust played in Ayesha and my relationship as a social mechanism that supports the initiation and internationalization of 5i. Relational trust, engendered by shared mission-related values and facilitated by open communications, was a key enabling agent in our relationship in the start-up phase of 5i. Strong relational trust, engendered by shared mission-related values, facilitates our capitalization on our skills and competencies to create innovative combinations

by creating the solidarity necessary to open a space for experimentation; lowers transaction cost by reducing governance costs; expedites the accurate sharing of information and the formation of partnerships, moving us into new markets; and so on. The advantage of strong forms of relational trust in entrepreneurship has been explored in previous research (e.g., Hohmann & Welter, 2005) and intrapreneurship (e.g., Zahra et al., 2006) and its role in creating the space for innovation, the development of new business opportunities, and reducing transaction costs declared (Zahra, 2006). The ‘roots’ of trust in shared values has also been cited; “the propensity to trust is grounded on values and principles that are considered intrinsically desirable” (Jones & George, 1998 as cited in Howorth & Moro, 2006: 499) and Nooteboom (2002) shows its role in the promotion of cognitive alignment. However, the ‘roots’ and roles of trust in TMT relationships in social enterprises working across international borders has not been investigated. Such an investigation, presented here, extends the discussion of trust in two ways: first, it adds the role of shared mission-related values and the TMTs work together with them in strategic cognition and programmatic action to the list of social mechanisms facilitating the creation of trust in TMT relationships, and, second, illustrates the interplay of trust and mission-related values in the creation of cohesion in such relationships as an enabling agent that facilitates a new venture to go international from birth.

Section VI: Closing Remarks

The findings presented in this Chapter illustrate that it is within the complex web of Ayesha and my achieved functional attributes and social processes in our relationship that many of what we considered to be the critical enabling conditions in the start-up phase of 5i were identified. Our knowledge of the relationships in TMTs in social entrepreneurial INVs is still at a preliminary stage. Much further research is needed to define the start-up processes in new firms with a commercial and social mission moving across international boundaries from birth. It is hoped that these findings contribute to our understanding of the unique enabling conditions supporting TMTs in the start-up phase of *social enterprises* that are also *INVs*, grounded in a local story. Considerable development and testing on the concepts presented

here remains, this Chapter is just the beginning. The next Chapter adds to the consideration of the role of functional attributes and social processes in the start-up phase of international social entrepreneurial new ventures by looking into what Ayesha and I found to be critical enabling factors in our network relationships in 5i's start-up phase.

CHAPTER FOUR: BUILDING NETWORK RELATIONSHIPS

We are...in the middle of another evolutionary shift from the traditional and formal forms of collaboration (in which the locus of relations lies in formal control, hierarchy and common ownership) to newer forms of collaboration in which incremental growth and competitiveness emanate from inter-firm relations based on interdependence and mutuality of benefit with other entities. These new and emerging forms represent a departure from traditional theories, and move towards a new competitive paradigm in which the unit of competition is no longer the individual firm, but rather networks of firms collaborating for maximum mutual benefit with profound implications for all partners. Hamid Etemad (2004b: 234)

Section I: Introduction

When Ayesha and I conceived of 5i firm we possessed neither the accumulated resources nor the strategic decision-making tools posited by traditional models on internationalization as necessary for us to grow beyond our home border. Empowered instead by a network-based growth strategy, we internationalized instantly. In the start-up phase of 5i, we positioned ourselves as a specialized social entrepreneurship practice with expertise in incubating and structuring financing for rural micro-scale organic agriculture and renewable energy ventures. Ayesha and I used our personal and professional networks to open access to the capital, markets, knowledge, know-how, and advice that fuelled our growth. We primarily drew on a small set of core contacts and relied on these relationships to explore and develop our work. Our choices in the creation of opportunities and sources of revenues were not based on market assessments or other formal tools of analysis. Instead, working closely together with this small set of individuals in our network we determined where, when, and how we selected and conducted business. We pooled resources, amassed experiential knowledge, and learned from one another. Our symbiotic partnerships allowed us to enter international markets we would never have recognized or considered, functioning as bridges to unfamiliar international market opportunities and motivating us to work globally. Our rapid expansion would have been impossible without our networks. Where opportunities were enacted, which opportunities were selected, and how we enacted them were primarily dependent on our network.

We started with a small, holistic circle of network relationships that we managed intensely. This rich web of relationships led to synergies, which allowed us to leverage the resources necessary to create a vibrant small consulting business with a commercial *and* social mission. The context of our relationship with our network changed in our first 18 months of operation, evolving from a small, simple circle of close relationships to a network that was more complex and wider in geographic scope. However, throughout the start-up phase, network ties, and our ability to establish and manage them well, remained at the centre of our entrepreneurial process.

We worked with our network of established and brokered ties to enact opportunities, both in foreign markets of Brazil and China and in our domestic market of India, and to raise capital in the United States and England. We built collaborative programmatic relationships with individuals we knew, or who we were introduced to, in Brazil, China, and India. We also engaged in partnerships with individuals we were acquainted with in international consulting firms and non-profits in the United States that offered administrative and/or intellectual skills that respectively facilitated or strengthened the delivery of our value proposition. Our network contacts permitted us to identify two clients: the Global Horizon Fund (GHF); and the International Kick-start Fund (IKF). Working together with our programmatic network partners, we won contracts funded by both IKF and GHF to support the creation and delivery of economic development programs in targeted rural regions of Brazil, China, and India. We built close relationships with key individuals in both GHF and IKF and both funds were repeat customers, contracting us multiple times in our first twelve months of operation.

In our start-up phase, 5i's work was human capital intensive. Tacit and explicit local knowledge and know-how were paramount for us to develop highly context-driven economic development programs in the unstructured, ambiguous, and complex rural environments which we targeted. The innovative changes we sought to bring about involved mobilizing and combining resources to create novel programmatic initiatives. As 5i moved from conceptualizing a novel program through its execution, crafting and delivering an approach

that made sense within a given local context was a constantly evolving process based in dialogues where tacit knowledge and know-how were exchanged with our partners. The process of creating, and then taking operational, innovative programs which relied on the transfer of stocks of tacit knowledge and know-how in highly uncertain, rapidly changing environments where we were unable to predict the best approaches, required trust and highly flexible partnerships that permit the space for ‘learning in doing.’ Tacit knowledge and know-how have important cognitive dimensions that are not easily codifiable and therefore are difficult to articulate and transfer. Such knowledge and know-how also often changes with the context in which it is used. For example, the development of the institutional and technical aspects of a program that works with local entrepreneurs to initiate ventures that create artisan juices or cheeses from organic produce depends greatly on the local context.

In the uncertain world in which Ayesha and I built 5i we found that, tacit knowledge and know-how, whether related to developing programmatic innovations with our partner or in helping our clients think through their development agenda, were best transferred through long-term personal relationships. The best way we knew to create the relationships that permitted the fluid transfer of such knowledge and know-how and the autonomy and flexibility we required as we built our programmatic work was to personally participate together with our partners and clients in dialogues on the economic development work we planned to execute *and* then open the space for them to participate in building and operating our practices. By constantly engaging our partners and clients in our thoughts and programs we unlocked the opportunity for them to discuss, and see and feel firsthand what we could do together, how we did it, and why we were doing it. The socialization process that occurred as we worked together involved the development of mutually acceptable norms of practice which established a strong foundation for our relationships and for constituent co-creation and delivery of our programs. Through dialogues and practices, we also worked through a commitment to the mission side of our work. The socialization process opened the space for the development of both a competency and ethical trust which further permitted us the autonomy and flexibility necessary to build our venture in uncertain environments and to

share tacit knowledge. Long-term, strong relationships with core programmatic partners and clients were vital to us in the start-up phase and are the focus of this Chapter. Building these relationships constituted a key set of critical enabling factors and challenges for Ayesha and me in the start-up phase of 5i.

This Chapter looks into networks from the perspectives of relationships between individuals. In 5i's start-up phase, our nascent firm had no embedded institutional ties. Ayesha and my network relationships - our concrete one-on-one linkages - constituted the firm's critical relationships. The core ties we had with partners and clients were, for the most part, directly with individuals responsible for the overall management of the relationship with us. Ayesha and my internal and external dialogues on the critical issues that constitute the basis for this ethnography generate repeated accounts of *seven* individuals who were confidants and trusted friends and colleagues critical in the start-up phase of 5i. We also built relationships with service providers who facilitated the development of our operations, together with disciplined use of low-cost: (a.) digital information transfer technologies, such as e-mail and global cellular telephone networks; (b.) portable hardware, such as laptops and cellular telephones; (c.) financial planning and word processing software, and (d.) air travel. While our technical capabilities and service providers are enablers, they are not the critical drivers of our work. Ayesha and my network connections were put into place in areas ranging from the selection of a travel agent to our choice in program partners. We have weak ties with hundreds of individuals who enter our ethnographic accounts and then disappear. A discussion of all these weak ties in our network is beyond the scope of this thesis. However, the weak network ties Ayesha and I built with a set of professional service providers constituted a critical challenge for us in our start-up phase of 5i and therefore these relationships are discussed in this Chapter. This Chapter explores those network connections - whether they be weak or strong ties or brokers - that Ayesha and I define as critical in our interpretive ethnographic accounts and in our engagement with interpretive grounded theory methods.

Family members are often cited in entrepreneur's lists of important ties in the start-up phase (Bruderl & Preisendorfer, 1998). In the case of 5i, Ayesha and my family members were involved to a minimal degree professionally in the start-up phase of our firm. Although both Ayesha and I acknowledge that members of our respective families played important roles in channelling immense amounts of emotional and spiritual support, provided us with some financial security, and gave us informal advice during our start-up phase; we agreed not to include a direct conversation of the role of family members in our journals, discussions, and field notes/memos which constitute our interpretive ethnographic accounts *unless* they were directly engaged in a professional transaction. Therefore, only on the occasion when family members provided direct professional resources in regards to our networks, such as references, and such network contacts are deemed to be critical, have they been included in this Chapter.

Network relationships emerged as one of the two enabling conditions and challenges Ayesha and I perceived as critical in the start-up phase of 5i in our engagement with interpretive ethnography and interpretive grounded theory methods. Other more traditional methods used to capture networks, such as name or position generators, have not been used as they fracture the data and such fractures break the opportunity to see processes in relationships and softer connections that can be explored through engagement with interpretive ethnographic and grounded theory methods. More traditional network analysis also often rushes towards the universal classification of large sets of ties in multiple networks and the functional analysis of such rather than permitting the reader to get inside and see the specifics of the multiplex nature of network relationships as they are built in a particular case over time. In this rush to generalization much insight into the intricacies of network relationships, particularly in their formative stages, can be lost. The cross-sectional snapshots taken in many of the past studies also preclude a clear statement in regards to the evolution of network relationships. One cannot tease apart the unique perspectives of entrepreneurs as they build network relationships. This Chapter follows the plea of Hoang and Antoncic (2003) for more qualitative, long term, interpretive research on networks. "To address unanswered questions

on how network content, governance, and structure emerge, more longitudinal and qualitative work is needed” (Hoang and Antoncic, 2003: 165). Hopefully, this approach moves the reader beyond the question of whether networks matter to the question of when and how networks are built; and how, from the perspective of the founding entrepreneurs, network relationships can exert their effects on INVs in the start-up phase.

Finally, the exploration offered in this thesis of the critical challenges and enabling conditions constituted in Ayesha and my network relationships in the start-up phase of 5i provides a view that can assist entrepreneurs interested in developing INVs that build their business by positioning themselves as part of a network-based value chain. It is also hoped that the research may be useful to those in the development community interested in thinking through programs that facilitate enablers and help to overcome the challenges faced by social entrepreneurial INVs they wish to support. This research can also provide a grounded foundation on which those in the academic community interested in the development of networks in social entrepreneurial INVs can base future research.

NETWORK-BASED PERSPECTIVES ON INTERNATIONALIZATION

The unprecedented increase in ‘born global’ firms such as 5i is forcing a fundamental rethinking of traditional economic perspectives on internationalization (Dana & Wright, 2004; Etemad, 2004). In the old paradigm, businesses looking to expand into foreign markets assumed competitive advantage must be based on rational strategic decision-making, centralized control, ownership of resources, and incremental movements. Solid resource bases and well-developed business practices in the home country of operation were considered necessary and prudent precursors to developing a presence in foreign markets (e.g., Johanson & Vahlne, 1977). For example, the resource-based view of internationalization argued that firms must accumulate know-how, knowledge and capital resources to confer a competitive advantage when making a move across national borders (Lavie, 2006). Traditional theories captured typical practice by framing internationalization as a unilateral, unidirectional, hierarchical process often undertaken through investment in a

foreign subsidiary, under the direct control of the head office in the country of origin (e.g., Rugman, 1981; Teece, 1985). The unit of competition was considered to be the firm and, to be effective, relationships with other firms were to be internalized or controlled by direct ownership (Dunning, 1980).

A basic shift in the way economic organization and internationalization were approached, especially by firms in the high-tech sectors, and the associated development of the network-based perspective in the management and entrepreneurship literature together called into question the traditional theories of internationalization. In contrast to the traditional theories, the network perspective introduces a multilateral and dynamic process (Dana & Wright, 2004). Based in network theory, the network perspective on internationalization argues that corporations can tap resources necessary for internationalization by plugging into networks of independent entities, challenging traditional notions of the predicated entrance into foreign markets on incremental movements, development of practices in a home base, resource stocks, and a hierarchical unity of command. Instead, resources are accessed when firms cooperate voluntarily and share resources across organizational boundaries. Such shared resources can then be combined and deployed in a variety of ways, synergistically leading to enhanced efficiency, innovation, and/or profits. Control emanates from mutuality of benefits accruing to partners. From the network-based perspective, the unit of competition is no longer the individual firm, but rather networks of firms collaborating for mutual benefits higher than their respective independent operations can yield.

Collaborative networks allow small, highly focused firms like 5i to concentrate on the development of one set of capabilities that can then be plugged into multiple network-based value chains in diverse geographic regions. Such network-based value chains themselves contort into various constellations, as the market dictates. The rich vein of empirical research that developed in the internationalization literature on the importance of network relations (e.g., Coviello & Munro, 1995, 1997; Etemad, Dana, & Wright, 2004; Holmlund & Kock, 1998) opened the way for the development of the network-based theoretical perspective in the

field. Research by Dana and Wright (2004); Dana, Etemad, and Wright (2004); and Jones and Dimitratos (2004) provide a detailed synopsis of the opening for consideration of this theoretical perspective.

The network-based theoretical perspective in internationalization also rests on the foundations created by extensive research conducted on multiple facets of network relationships and alliances in both the management and entrepreneurship literature over the past few decades. In the July 2006 issue of the *Academy of Management Review* Parkhe, Wasserman, and Ralston (2006) offer an excellent overview of the guiding theoretical perspectives that have emerged in network research and link these perspectives with views into the future of networks provided in the papers in the journal. Networks emerged as a new area of inquiry in the entrepreneurship literature approximately 20 years ago. Hoang and Antoncic (2003) provide a comprehensive review and critical analysis of the themes in over 70 academic papers presented in strategic management, sociology, and entrepreneurship journals over the last decade focusing on the development of networks in the new venture creation process or in small or medium-size businesses. The research presented in the July issue of the *Academy of Management Review* and Hoang and Antoncic (2003) offer examples of the powerful paradigm shift that is occurring in management and entrepreneurship theory based on the theoretical reinvigoration of the network-based perspective and illustrate the prolific empirical research into both the firm-level dynamics and socio-economic context of the phenomena. When taking stock of the research into the network perspective and its application in internationalization, one finds that research on characteristics, structures, relations, environments, and outcomes, as they apply in existing domestic and international networks, is now ubiquitous.

However, case specific research on network relationships in the start-up phase of new emerging social entrepreneurial INVs is thin. In applying the network perspective in internationalization to INVs; knowledge, know-how, and resources necessary to move across international borders can be generated at the birth of the firm through the founding

entrepreneurs' network relationships. Entrepreneurs starting INVs put to use ties with past partners, associates, family friends, and other such relationships, outside the boundaries of their nascent firm, to create opportunities and tap resources to facilitate instant emergence in international markets. Success is dependant on the stock of network ties the entrepreneur brings to the venture and the ability to develop network relationships.

The network-based perspective on internalization as applied directly to INVs evolved from an increasing focus on networks in the international entrepreneurship literature. McDougall and Oviatt (1994) found that networks helped entrepreneurs founding new ventures to identify international business opportunities and that those networks had more influence on the countries selected for initial work than did their physical distance. Oviatt and McDougall (1995) identified strong international business networks as one of the seven most important characteristics of successful initial enterprises in both internationalization and the nascent field of international entrepreneurship. Coviello and Munro have used network theory to examine international market development in international business. In their study of the internationalization processes of a software company based in New Zealand, Coviello and Munro (1995), as cited in McDougall and Oviatt (2003: 14-1), noted that:

Our understanding of the internationalization process is enriched when we expand the analysis beyond the individual firm's actions and address the impact of a firm's role and position within a network of relationships. From this perspective, foreign market selection and entry initiatives emanate from opportunities created through network contacts rather than solely from the strategic decisions of managers in the firm...it is not surprising that the observed patterns of international market growth for the entrepreneurial high technology firms differ from the processes of larger manufacturing firms outlined in the literature. Their relatively rapid and dispersed involvement in foreign markets creates the impression of being random and somewhat irrational, when in fact the span of activities can be linked to opportunities emerging from network relationships. (58)

The previous empirical literature illustrates that networks can help entrepreneurs executing ventures identify international opportunities, establish credibility, and often move into collaborations. Theoretical perspective on the importance of networks in internationalization are brought together in the chapters by Dana and Wright (2004); Etemad (2004a); Obrecht

(2004); and Hinttu, Forsman, and Kock (2004) in the *Handbook of Research on International Entrepreneurship* edited by Dana (2004) and in the chapters by Jones and Dimitratos (2004); Dana, Etemad, and Wright (2004); and Hurmerinta-Peltomaki (2004) in *Emerging Paradigms in International Entrepreneurship* edited by Jones and Dimitratos (2004). Each of the theoretical perspectives offers insights into INVs, although only Hurmerinta-Peltomaki (2004) addresses INV emergence and networks directly and exclusively. Finally, Oviatt and McDougall (2005) add to the network perspective on INVs, illustrating how networks serve as a moderating influence on the speed of internationalization. They show that entrepreneurs who have direct ties to other actors across national borders or have cross-border brokered ties can positively and significantly moderate the speed of new venture internationalization. According to Oviatt and McDougall (2005), if the ties are yet to be established internationalization is likely to be slowed. Yet, if an entrepreneur already has such ties when he or she discovers or enacts an opportunity, including the development of an INV, the initial foreign entry may occur with unusual speed.

Despite the increasing recognition of the importance of network relationships when looking into the ‘born global’ aspects of an INV, there has been little research into the development and management of network relationships in the start-up phase of such new ventures from the perspective of the founding entrepreneurs themselves. This is surprising as entrepreneurs developing small firms that begin to operate inside and outside their national markets from birth must have an ability to identify network-based opportunities for collaboration, understand the value of their firm and their partners in a relationship, and set in place processes through which successful relationships can be strengthened. They also face a myriad of specific challenges in building network collaborations ranging from interfacing with clients, suppliers, and partners in other national cultures to executing contracts in multiple legal jurisdictions to monitoring and understanding political and cultural movements in multiple business climates. The challenges are further exacerbated if the INV is attempting to deliver innovative products and services in complex and sometimes rather vague and unstructured markets found in many developing countries. Yet, even given these

unique characteristics facing entrepreneurs building network relationships in the start-up phase of INVs, there has been little, if any, long-term research that offers their perspective on the challenges and enabling conditions they face, grounded in specific cases. Further, there have been no works known to this author that have looked in network relationships in social enterprise moving across international borders. The research in this thesis addresses this gap.

Network relationships with both our clients and partners were integral in developing 5i as a social entrepreneurial INV. By looking into how Ayesha and I, as the founders of an INV operating in three developing countries, built and managed our network relationships the research presented in this Chapter works to address the gap in the literature in regards to the development and management of network relationships in the start-up phase of a social entrepreneurial INV, from the entrepreneur's perspective.

SOCIAL NETWORK PERSPECTIVE AND LINGO

Before embarking on a journey into Ayesha and my web of networks ties and their role in the start-up phase of 5i, this sub-section introduces the concepts and vocabulary that are commonly employed in the analysis of social networks. Although our investigation of what we perceive to be the critical enabling conditions and challenges based on interpretive methodological tacks in ethnography and grounded theory is far from traditional social network analysis, some of the concepts and the vocabulary within this traditional form of analysis may be useful to the reader. The concepts and vocabulary from traditional network analysis presented in this section are designed to help the reader more easily see the structures and flows in relation to networks in the context of 5i. This sub-section is intended as a basic introduction to concepts in social networks utilized in this research, not a treatise on the subject.

Social Capital Perspective: An individual's social capital consists of all the social relationships and social structures used to achieve his or her specified goals (Bollingtoft & Ulhoi, 2005). It becomes 'capital' if it is used by actors in concrete situations here defined as

social relations or ties surrounding the actor which can be mobilized when needed (Bollingtoft & Ulhøi, 2005). “Social capital refers to the idea that individuals’ social contacts convey benefits that create opportunities for competitive success for them and for the groups in which they are members” (Labbianca & Brass, 2006: 596). Positive relationships can facilitate knowledge transfer that improves performance. Social capital develops through social exchange and can be seen as a resource embedded in the social structure of a network, while at the same time being made accessible and mobile by purposeful actions of actors in the network (Lin, 1991). Social capital theory argues that actors able to establish rich network connections may enjoy significant advantages in meeting organizational goals with social ties and structures helping the actor access information, know-how, capital, and other resources. Social network theories are particularly relevant in the study of social entrepreneurship as they offer an alternative to theories that seek to explain firm strategies and performance solely on the basis of profit-seeking behaviour (Granovetter, 1985; Gulati, 1995). Instead, social network researchers examine the role of cooperation, communication, learning, and imitation on a firm’s actions and performance. Such research points out that economic action can be influenced by social networks (Granovetter, 1985; Uzzi, 1996). For example, a trusted friend offers the chance to create an opportunity which persuades an entrepreneur away from what traditional neo-classical economic analysis may classify as the optimum choice.

Work on social networks finds an origin in Blau’s (1964) theory of social exchange. During social exchange, one individual typically, and usually voluntarily, provides a benefit (information, advice, services, etc.) to another individual. This passing of resources places an understood social obligation on the receiving party to reciprocate by providing some benefit in return. Due to the inherent volunteer nature of such exchanges, however, the provider cannot be sure that such benefits will automatically be reciprocated. Trust is a key moderating factor in such exchanges. Trust here is defined in accordance with the definition offered by Mayer, Davis, and Schoorman (1995) as the willingness of one party to be vulnerable to the actions of another based on the expectation that the each will perform actions important to and considerate of the interests of the other irrespective of the ability to

monitor or control. In social exchange, there is a two way interaction between trust and co-operation: trust can lubricate cooperation, and cooperation can itself breed trust. Simply put individuals in a network can transfer assets to one another and work together more efficiently and effectively when they know and trust and identify with one another.

Over the past few decades scholars have focused intensively on the positive aspects of network relationships and the development of social capital (Labianca & Brass, 2006). While the research presented in this thesis primarily focuses on the critical role key social network relationships and social capital has played in the start-up phase of 5i, Ayesha and I also follow Labianca & Brass (2006) in a concern for ‘fleshing out’ the other side of our ‘social ledger’ in which the challenges in our social relations are also uncovered. To understand our social ledger in 5i, we address both the (negative) role of critical challenges and the (positive) role of the critical enabling conditions in the context of our start-up phase.

Contributions in the social network literature relevant to this research include the distinction between weak and strong ties (Granovetter, 1973) and the related measure of embeddedness (Granovetter, 1985; Uzzi, 1996), structural holes (Burt, 1992), and network density (Burt, 1992, 1997). The works of Granovetter (1973, 1985) and Uzzi (1996) on *relational* and *structural embeddedness* provide a framework that can be very useful when initiating interpretations of social networks. When considering *structural embeddedness*, one looks into how the structure of the social network contributes to defining the flows of resource transfers in the firm. For example, an entrepreneur may be open to more diverse information if she or he develops a wide, sparsely-connected network; however if a small, densely-connected network is maintained information may travel more efficiently. Relational embeddedness refers to the construct of a specific relationship tie. The relational embeddedness of a tie itself and its role in the broader context of structural embeddedness can evolve or devolve in the degree of embeddedness (Granovetter, 1992; Hite, 2003, 2005; Hoang and Antoncic, 2003), moving between the extremes of weak and strong classifications.

Strong and Weak Ties: In traditional network analysis, actors are called nodes and links between them are called *ties*. Granovetter (1973) makes the distinction between *weak* and *strong* ties, based on the strength of relationships measured in terms of frequency, reciprocity, emotional intensity, intimacy, and so on. Scholars in network analysis also work with the concept of a firm's ego network, which encompasses the focal firm (termed ego), its set of partners (alters), and their connecting ties. However, I find the traditional notion of weak and strong ties makes up in clarity what it may lack in sophistication and therefore remain loyal to such terminology in this discussion.

There is a growing consensus that networks do matter, however there is a debate over whether it is the focused network built on strong ties or the open network composed of lots of weak ties that is the most valuable for INVs.

Weak ties are casual relationships and are typically of a shorter duration and involve a lower frequency of contact than strong ties. These ties can be far more numerous in an entrepreneur's network than strong ties as they require less investment. Such ties are seen in the relationships between firms and their suppliers of support (currency houses, banks, drivers, bookkeepers), infrastructure supplies (office supply vendors, electricians, plumbers), and others.

Brokers are actors in the network who are tied to other actors that are not tied themselves. In other words, brokers establish ties between actors, who, without the broker have no link to each other.

Strong ties are long-term, two way relationships between actors which are durable and involve emotional investment, trust, and reliability. Strong ties facilitate reciprocal communications and exchange regarding opportunities and resources. The relationships between strong ties are generally governed through informal mechanisms, such as trust, rather than through formal mechanisms of market governance, such as contracts (Granovetter, 1985;

Hite, 2005; Uzzi, 1996, 1997). Uzzi (1997) points out that the primary benefits of strong ties are twofold. First, know-how and knowledge transfer can be more fine-grained, tacit, and holistic compared to the 'arms length' exchange of data or provision of services that characterizes exchanges with weak ties. Second, trust between strong ties facilitates joint problem-solving arrangements that deepen the relationship and promote useful learning and innovation. Within strong ties, short-term calculations of self-interest in the relationship are usually moderated by a desire to negotiate rather than separate over differences in order to preserve the tie (Hite, 2005). Trust promotes shared norms conducive to knowledge exchange and privileged access to expertise, knowledge, and resources as well as extra efforts (Ahuja, 2000).

Evolution of Network Ties: This Chapter follows Hite (2005) and Hoang and Antoncic (2003) in looking into the dynamic variation within network ties. Although the concept of strong and weak ties is used as a starting point, the fluid movement of individuals between these categories and on various levels within the categories gives a more telling account of the influence of networks than a more traditional approach that simply divides ties into these two baskets might. Hite (2003, 2005) offers a dynamic continuum upon which she proposes network ties are analyzed that extends from unembedded, or exclusively market ties, through partially embedded, or weak ties, to fully embedded or strong ties. Her typology and framework presents a view richer than the traditional strong/weak dichotomy and fits well with Ayesha and my findings. An either/or perspective - suggesting that ties are either strong and relationally embedded or not - simply does not adequately reflect the variation Ayesha and I encountered in our network relationships. Ayesha and I discuss weak ties that evolve into strong ties as well as some weak ties that devolve into serious problems for our firm. Our interpretive ethnographic account also presents cases where strong ties serve as brokers. Our strong ties, and especially such strong ties that take on the role of broker, are seen by Ayesha and me to be critical in the start-up phase of 5i; more so than our expansive network of weak ties, although the devolution of such deals us a few critical blows. Hite's continuum is used

to offer insights into our findings from our interpretive ethnography and engagement with grounded theory methods in the Discussion and Findings section of this Chapter.

In developing an understanding of the operation and evolution of networks, ‘thick’ descriptions and classifications of ties is a critical first step (Hite, 2005). By offering a view of our ties and of their evolution over time through the use of ethnographic accounts, it is hoped that the reader sees the dynamic nature of the relationships that define our network in the start-up phase of 5i that ‘snapshots’ taken in more synchronic research have difficulty illustrating. The next section begins the presentations of excerpts from our ‘thick’ description as accounts from our interpretive ethnography selected in our engagement with grounded theory methods. These are utilized first to create the context for understanding, then to interpret ties, and finally to illustrate their evolution.

Section II: Our Networks in Action

This section begins with the presentation of two Background Memorandums constructed from field notes, discussion notes, and journal entries. The first of these memos introduces our network relationships defined as critical prior to the registration of 5i in October 2003. The second memo introduces the same for the period from October 2003 to April 2004. The bulk of the text in the memos is a monologue in my voice. These two compilations are in no way intended to be comprehensive or analytical but rather to set the stage, providing the background necessary for further discussion of our networks relationships. Following the two compilations presented below, the remainder of this section reveals our strong and weak ties.

Background Memorandum One: Assembled between 1 November and 31 December 2003

In January 2002, Scott set-up EVG. Scott is the husband of Kate, who was my boss at the time in the Virginia headquarters of Eden, a well endowed non-profit and foundation working internationally. In May 2002, Kate resigned from Eden and joined her husband as president of EVG. I resigned from Eden in August 2002 to attend WBS. Kate asked if I would like to join her as a director in her finance and policy practice in EVG. I said yes, with the caveat that I was starting my PhD in the October at WBS and would not be available to work much during my first semester and would then only be available on a part-time basis until I finished.

Kate and I had worked with the Virginia-based CS Foundation (CSF) while we were both with Eden. CSF was a family foundation that first supported a small finance program I had designed in 2000 at Eden to develop equity funds for investment in renewable energy and energy efficiency ventures in Brazil and India. CSF then expanded their grant contracts under my supervision at Eden in 2001 to support a biomass-to-ethanol program in India and Brazil and some finance work I was executing in India and Nepal. Both Kate and I had visited CSF on a quarterly basis during the course of the two years we worked with Eden and we came to know Julia, the president of CSF and one of the members of the family who endowed the foundation and Chi, CSF's senior program officer. Julia and her mother closed CSF and endowed and opened GHF early in 2002. Julia became president of GHF and appointed Chi as her vice president.

In late August 2002, Kate and I travelled together to GHF's headquarters in southern Virginia to meet with Julia and Chi and brief them on some concepts we were developing at EVG. Julia and Chi said they were interested in working with us, but would be more comfortable if we would submit a proposal through a non-profit for a number of regulatory reasons. To this end, in September 2002 I met with Marco, the president of FDA, a New York-based non-profit. From 1992 to 1995 Marco had been my boss at an investment trust fund based in Washington, DC, USA. He was also a former colleague of Kate when she was president of the export council representing renewable energy companies in the United States. Marco and I discussed working together over lunch in Manhattan and he agreed it would be a good idea. In September 2002, Marco, Kate, and I travelled together to Charlottesville to discuss the idea of GHF supporting EVG and FDA with a project preparation grant that permitted us to develop: (a.) a plan to create a global enterprise incubation and risk mitigation facility that would support local finance and incubation operations; and (b.) the initial design for two local funds; one in India and the other in Brazil, that would illustrate how the resources of the global facility would be leveraged. Julia and Chi said they would accept a proposal for a project preparation grant to support further development of our ideas. At the end of September 2002, I entered WBS and started working closely with Marco in crafting our proposal to GHF. We submitted our proposal to GHF in January 2003.

In January 2003, I also formally joined EVG as a part-time employee with responsibility for designing and managing the firm's finance and policy portfolio as well as managing the development of the firm's presence in Asia. In September 2002, with Kate's concurrence, I discussed with Ayesha the possibility of her joining EVG. In October 2002, Ayesha and Kate met at a conference in the city of Hyderabad in southern India and Ayesha told Kate that she was interest in joining EVG. In November 2002, Kate came to London and met with Ayesha and me to discuss the idea of us developing a presence for EVG in India to service South Asia (EVG-SA) and to see if Ayesha was interested in taking the lead in specifying the structure for that operation. Kate made Ayesha an official offer to join EVG as a consultant in the meeting in London. In December 2002 Ayesha resigned from the Indian spin-off of Eden. Ayesha and I travelled to London for a climate change finance meeting in the last week in January 2003 and then, in the first week of February, we went together to a strategy retreat for EVG in Kate's home in northern Virginia. During the retreat, Ayesha officially accepted the offer to join EVG, signed her contracting paperwork, and was formerly assigned to explore the legal options for setting-up EVG-SA in New Delhi and identify law firms to assist us in so doing.

In February 2003, Ayesha wrote two memos, the first outlining the possible structures for EVG-SA to establish a presence in India and the second profiling three law firms which could potentially help EVG establish EVG-SA. Kate, Ayesha, I, and, to a far more limited extent, Scott, discussed these possibilities throughout the spring. Following the briefings by Ayesha on potential structures for EVG-SA, we eventually selected to establish the firm as an independent, private limited company

that would be registered and based in New Delhi, India, and represent EVG throughout South Asia.

An excerpt from Ayesha's journal describes the process of selecting one of the three law firms she profiled.

Ayesha's Journal I: Page 6

One law firm was recommend to us by [the local representative of a Swiss government-backed venture capital fund]. This firm looked fine on paper but was relatively unknown to us as compared to the other two. The second was the Indian partner of a US-based legal team....The third law firm was one that I knew personally – at least I knew the Managing Partner on a personal level. He was a friend of my family's. I strongly recommended this firm as I believed that the personal connection with its Managing Partner would assure us good service. Also, I would have trusted this firm above others if I personally needed legal representation. Further, this was a well known Indian legal firm and had the best looking qualifications for the energy sector. John was extremely concerned about this firm...he thought that personal relationship would adversely interfere with the provision of services in a professional manner.

Background Memorandum One (continued)

Kate, Scott, Ayesha, and I all selected Marga & Marga Law (MML), the law firm that Ayesha recommended. As Ayesha explains above, Jitender, the Managing Partner in MML, was known to her, a friend of her family's, and he actually lived on the same block in New Delhi, only a few houses from her family's residence. Ayesha was very clear on this connection when presenting the options and she made it explicit that MML was her first and strong choice and that she thought Jitender, in particular, was well placed to assist us. Much later I discovered that Ayesha's father and her brother-in-law had recommended to MML to Ayesha.

In the midst of developing EVG-SA, Catherine, my PhD supervisor at WBS, suggested that I meet Amaya, her former PhD student, who had just transferred from the Strategy Office of the British Prime Minister of the United Kingdom to the UK Foreign and Commonwealth Office (FCO). Amaya was crafting the International Renewable Energy Partnership (IREP), a new global initiative for the British Government. Catherine introduced me, via e-mail to Amaya, and the three of us arranged to meet for coffee in London on 16 October 2002. We discussed ideas on the design of and concept behind IREP and I briefed Amaya on EVG-SA and my background. Following our coffee session, Amaya e-mailed me a preliminary strategy brief on IREP and asked me to comment on it and to send her a memo with some thoughts on a finance strategy for small-scale, rural renewable energy ventures within IREP. I drafted and e-mailed my comments and the memo to Amaya. A few weeks later I received a call from her asking if I would like to serve on an informal advisory group responsible for developing the financing strategy for IREP. She also asked if I would be willing to put forward a proposal to the newly created IKF as they were interested in piloting a few projects that would showcase the concept and bottom-up approach to project development to be executed under IREP. I agreed to both and began to attend a set of strategy meetings in London for IREP's financing task force.

In my memo to Amaya, I argued for government assistance to be channelled to support the establishment and growth of mechanisms to finance renewable energy ventures in local financial systems in developing countries instead of the typical approach of passing such assistance to international non-profits that operated boutique investment programs which then 'financed' such ventures. Amaya asked that our proposal to IKF present the idea of developing an example of such a concept. I telephoned Ayesha and she and I set about to draft a proposal in support of this

concept. We called on a number of our colleagues from our time with Eden who were working in commercial micro-finance operations and solar lantern companies in India, but in the end settled on structuring a proposal to work with Jhunda Pahaar (JP), a local non-profit based in the state of Uttaranchal in northern India and run by Rahul, the husband of a personal friend of Ayesha. The contact with Rahul was established through Ayesha's social network. Ayesha called-up Rahul, the Executive Director of JP, and spoke with him about the opportunity and the possibility of working with JP on developing micro-credit operations in self help groups (SHGs) to finance the purchase of solar lanterns. JP was a well-established and recognized leader in the formation of SHGs in the state of Uttaranchal in the Indian Himalayas, having helped formed thousands of SHGs in the region. However, although JP had helped form these SHGs, in which members were collecting deposits to finance consumptive and productive assets, their internal micro-credit expertise was not well developed. Ayesha and I were comfortable that we could deliver such expertise, so it was a good match. Ayesha discussed the concept with Rahul, who agreed we would make a good team and that the concept made sense.

I scripted the rationale and approach for the proposal to work together with JP, and with SHGs in Uttaranchal, to expand the SHG credit operations so that members could finance the purchase of solar lanterns. Ayesha asked Rahul to supply us with the detailed, context-specific information we required to construct the proposal, and he did so immediately. She integrated the specifics of the local context into the approach, weaving in the information from Rahul. Ayesha and I both called our contacts with interests in a Bangalore, India-based solar photovoltaic manufacturing company that was a joint venture between an international oil company based in London and an Indian conglomerate to see if they would join us in the proposal. I called the vice president for rural development of the British oil company who had oversight responsibility for the firm's investment in SEI at the London headquarters, who I had actually just met while in an IREP strategy meeting, and Ayesha called the president of SEI in Bangalore, a colleague of ours who had been on our advisory board for a solar finance initiative Ayesha and I had jointly managed while we were respectively working at Eden and Eden-India. SEI agreed to be our partner on the proposal and to help us with the technical specifications and operations and maintenance training in support of the solar lanterns. In March 2003, we submitted the proposal to IKF in support of what we called LFH, under the aegis of the hopefully soon to be formed EVG-SA.

Also early in 2003, Ayesha and I started work on the initial architecture for the enterprise incubation and guarantee facility we had proposed to GHF. GHF had not awarded the grant at this time, but we suspected that there was a fairly good chance our team would win it. We had discussed with Marco and Kate that if FDA was awarded the grant from GHF, the associated sub-contract with EVG would: (a.) be written in a manner that Ayesha and I could bill the work we were currently executing, and (b.) allow the two of us to have prime responsibility for designing the enterprise incubation and guarantee fund in India, as well as charting the course for the global facility. In May 2003, Ayesha and I started to look in earnest for bundles of transactions in the organic agriculture and renewable energy sector in India which would serve as pilots projects for the transaction pipeline for the India fund and help us think through structure and useful instruments for the fund to offer. One of our ideas was to work with the organic tea gardens in the Darjeeling District in West Bengal, as we thought these gardens would probably have a strong economic future and could use renewable energy in their operations. However, we knew little about the organic tea sector and had just identified a number of names of organic tea gardens in India, that were selling in upmarket specialty tea outlets such as Harrods and Fortnum and Masons in London and in boutique food outlets in New Delhi. We set about contacting these tea gardens. One day Ayesha was discussing the idea with her father and he mentioned to her that he knew Deepak, one of the owners of a group of organic gardens. Ayesha made contact with, Deepak using her father as a

reference. Deepak offered to organize a meeting of organic tea garden owners at the Darjeeling Planters' Association for Ayesha and me. We went to the meeting and met the owners of the gardens and introduced our ideas. Following the meeting, we visited a number of gardens whose owners had expressed interest in developing micro-hydro projects to meet some of their electricity requirements. We developed a list of the potential projects on the gardens and analyzed and prioritized these opportunities. A garden owned by Deepak looked to us to be the best on which to initiate our work.

In May 2003, FDA was awarded the project preparation grant by GHF for the planning phase work on the facility and EVG was sub-contracted to do the work as agreed upon. Ayesha was working as a consultant for EVG at this time and I was a part-time employee of EVG. In the first phase of our work under the GHF award, we approached Deepak with the idea of us utilizing his garden as the pilot and offered to share the pre-investment costs of the project with him. He agreed and we identified a micro-hydro firm interested in executing the work. Deepak agreed the firm looked good, and we committed to pay the hard costs related to the completion of the assessment phase of the pilot project.

In the first week of September 2003, Ayesha and I were in Bern, Switzerland, for discussions with the investment agency for the Swiss Federal Government in relation to the India fund we were designing under the GHF award. We took a few days at the end of our work in Bern to travel into the Bernese Alps to the village of Wengen to draft the Articles of Association (AoA) and Memorandum of Association (MoA) for EVG-SA. As Ayesha and I started to write the terms of the MoA and AoA and negotiate such with Kate and Scott it became clear that there were strong differences of opinion between Kate and Scott and Ayesha and I as to the shareholding pattern for EVG-SA. Ayesha and I spent considerable time on the telephone and e-mail with Kate and Scott discussing the shareholding pattern for the firm.

An entry from Ayesha's journal summarizes the debate.

Ayesha's Journal I: Page 3

It took a while and a number of e-mails and conversations to finally agree on each individual's equity holding. Initially I was to hold 10%, with the option of increasing to 15% (based on performance). John was to hold 20%, with the option of increasing to 25% (based on performance); and the balance would be held by Kate and Scott either directly or through EVG. John and I were to be allotted shares against the initial work we put in, and Kate and Scott were to be allotted their shares against payment for the initial set-up costs. John very strongly felt that this was not a right/just allocation and suggested that the four of us be equal partners. This was based on the work that he and I had put into EVG-SA in the past and the fact that realistically, he and I would be the ones working on building the Company and performing day-to-day activities in the future. Kate and Scott (reluctantly?) agreed to give John and I 24% each with Kate and Scott holding 26% each. Further, under this arrangement John and I would contribute to the initial paid-up capital... While this did improve John and my stake in the Company, it still left Kate and Scott with controlling interest. Again, given John and I would be the ones on the ground, doing the work, we were not comfortable with Kate and Scott, who would not be as in tune with what the Company really needed, having the ultimate authority to steer the company. I suggested a slightly different structure, whereby Kate and John get 26% each and Scott and I get 24% each. The rationale for this was that I believed that Scott would not be as intellectually involved in EVG-SA, as Kate, John, and I, and that I had put less into the Company when compared to the others. Also this split the shareholding pattern such that Kate and Scott and John and I held 50% combined. While John did forward this structure to Kate and Scott, he mentioned in his e-mail that he did not think it was right... Eventually, we all agreed that each of the four partners would

own 25% of the Company, and would each contribute 25% of the initial paid-up capital to cover our initial start-up expenses.

Background Memorandum One (continued)

We forwarded the pen-ultimate copy of the MoA and AoA to Kate and Scott with the aforementioned equity structure and they decided it was best to have a law firm in the United States review these documents. In early September 2003, Ayesha and I left Switzerland for Milan, Italy. We had been invited by Marco to participate in his work with the City of Milan to help him and the City think through investment-related activities in relation to the upcoming United Nations Framework Convention on Climate Change Conference of the Parties in Milan. On September 8th 2003, during our stay in Milan, Ayesha and I were notified that we, under the aegis of EVG-SA, had been awarded a contract by IKF in support of LTH. We contacted Kate and Scott and let them know the contract had been approved and that we urgently needed any comments from their law firm so the AoA and MoA could be finalized and the company registered.

Ayesha's Journal I: Page 8

Their lawyers were supposed to get back to us in a day or so but it took about three days or so. Most of the things they suggested to change in the MoA and AoA were cosmetic or grammatical. They suggested no substantive changes. However over time I think the amount of attention 5i would demand of both Kate and Scott finally began to sink in...[in order to simply sign the MoA] Kate and Scott had to go to Richmond to have their signatures on the MoA notarized, then go to the State Department, and then to the Indian Embassy in DC to have their signatures witnessed. The entire procedure would have taken 2 days of their time, which was more than 1.5x what their combined equity was worth relative to the cost of their time...In early September, Kate and Scott decided not to be regular shareholders in 5i.

Open Discussions on Critical Points - Set IV: September, 2004

John: *They had all that bureaucracy. They had to go down to Richmond, over to the State Department, and then the Embassy, all this stuff which was time consuming and expensive but I think the real reason, I don't know, is that they probably had their hands full starting EVG.*

Ayesha: *That's what Kate's point was, that starting one small business is hard enough. I think that also I had been shooting all these hundreds of memos to them and she realized that she didn't really have the time to look at these and really chew through them in detail.*

John: *And I think Scott said that. Kate told me I think a couple of times on the phone that really Scott was withdrawing because he had so much other stuff to think about with EVG that he didn't feel that he could fully participate in the process.*

Background Memorandum One (continued)

Following a set of lengthy telephone and e-mail discussions with Kate, we converted the process of registering EVG-SA into the process of registering a new firm which Ayesha and I would own 51% and 49% respectively. We agreed that MML, the law firm we selected to assist in the registration of EVG-SA, should continue with the registration of our new firm. Unfortunately, given some trouble with the Registrar of Companies, it took from 9 June - when we had initiated the process of registering the name of the firm for EVG-SA - to August 13, 2003 for us to get a name approved for the firm. On August 13, 2003 the name 5i was approved. However, the exit of Kate and Scott posed a problem for us. The problem was resolved, but the methods MML took to resolve it were not legal and also not fully explained to me.

In late September 2003, Ayesha and I were attending the first full partners meeting for IREP in London and had requested to meet with the responsible representative from the IKF to discuss the possibility of signing the award of our contract to 5i instead of EVG-SA. The representative agreed to the change and he signed the contract with 5i on 16 September 2003. On October 7, 2003 5i was registered and we had our first contract in hand.

In the second memo below, I trace Ayesha and my development of and work with our network from October 2003 through July 2004.

Background Memorandum Two: Assembled in September and October 2004

In mid-January 2004, 5i - in partnership with FDA and EVG - was invited to submit a second proposal to GHF to: (a.) scale-up the facility and increase funds for the work we had outlined in the planning phase on the global finance facility and two country funds and (b.) develop a concept for a global network of institutions to work together and share experiences. Our team had been asked to include work with the Institute for the Environment (IfE), a new Beijing-based non-profit formed by GHF and a group of environmental activists in China, in our proposal. GHF invited us to meet with IfE in China and Ayesha, Patrick, and I flew to Beijing in October 2003. Chi also came to Beijing, attended our meetings with IfE as well as meetings we had together with financial institutions and investors, and spent much personal and professional time building a bridge between us and IfE. Late in October and in early November 2003, Ayesha and I worked with Wu, the Executive Director of IfE, on developing a guarantee and seed capital facility for small-scale rural renewable energy ventures in China and, thanks to the efforts of Chi, and a good experience in working and socializing together, we developed a close relationship with Wu. In December 2003, Wu contracted 5i to provide the questionnaires IfE and a Netherlands-based bank would use to assess investment opportunities in the renewable energy, eco-tourism, and organic agriculture sectors in China. Actually Ayesha and I introduced Wu to the Beijing representative of the Netherlands-based bank we knew through our relationship with the same bank in India while working at Eden and Eden-India. In January 2004, Wu, Chi, and the manager of the China finance operations for a large international environmental non-profit based in the United States, came to India to look into our operations and we all travelled together for a week in the states of Uttaranchal and West Bengal to review our nascent work under our new IKF contract as well as our initial foray into developing micro-hydro projects on organic tea gardens. We also travelled to Mumbai together to meet with Arun and Karan, our partners in the Indian investment banking operations of the aforementioned Netherlands-based bank and respectively the managing director and a vice president in the bank. Ayesha and I knew Arun from working together at Eden and Eden-India and his boss, Karan, looked to Ayesha's father as a mentor when he was starting his career in finance. We had held discussions with Karan and Arun in planning the design of the facility we were outlining under the first GHF contract as well as a number of financial instruments to assist us on our new work under IKF award.

In late January 2004, Ayesha and I crafted the India section of the new proposal to GHF for the operational phase of the facility and funds we had designed under the first award. We also worked closely with Marco in developing the approach for support for our emerging network of institutional partners and scripted the approach for work on rural finance in China on behalf of IfE. In February we took a 10-day journey through the Guangxi Autonomous region in China to help IfE and the region's World Bank-funded Poverty Relief Office review potential project opportunities. Ayesha and I had committed to work 14 hours per day as the trip was originally supposed to be longer, but our schedules were tight with other commitments. During this trip we ate breakfast, lunch, and dinner and travelled for

an average of 6 hours per day in the car together with Wu and Yi, the new program officer for IfE with responsibility for finance and enterprise incubation. Yi also helped translate in many of the meetings we held together. After this rather intense experience together Ayesha and I developed a close friendship with both Yi and Wu. In early March 2004, FDA submitted the second joint proposal to GHF on behalf of 5i, IfE, and EVG and in mid-April our consortium was awarded the second grant contract by GHF. Ayesha and I returned to Beijing in March to help Yi develop the business plan for a company that would develop rural biogas, organic agriculture, and eco-tourism franchises. We shared further dinners and long conversations together and our relationship developed further.

In February 2004, Ayesha and I were also encouraged by Amaya and the renewable energy program manager at IKF to submit further proposals in IKF's first formal, open call for proposals. We submitted two new bids to IKF in this round, one for work in Brazil and the other for further work in India, and also wrote a concept note and proposal for IfE which they submitted to IKF. In regards to our second proposal to IKF for work in India, our initial understanding of the organic tea sector in India was built on both the relationships we developed in the sector at the first meeting organized by Deepak and through our experience in the initial phases of the pilot project with him under the first GHF award. Using the knowledge from this work and the relationships we built through our initial work in Darjeeling, we were able to identify and then articulate a proposal to IKF for a program that would permit us to take the approach we developed and lessons we had learned in our project with Deepak and apply them in assisting other organic tea gardens to introduce micro-scale hydro projects to help them meet their energy requirements. We submitted the full proposal in March 2004 and were awarded a contract by IKF to support our work in June 2004.

The strategy for our Brazil proposal to IKF was derived from our experience with JP and SHGs in India. It presented the idea of working in partnership with EMA, a non-profit based in the state of Alagoas in Brazil, to build the capacity of organic farmers in Alagoas to develop the first SHG in Brazil and initiate constituent micro-credit operations for financing the purchase of renewable energy systems for processing their organic produce. The program would then expand the model, working with other groups of organic farmers. I selected to develop the concept with EMA as I knew EMA's three directors and we shared a common vision in regards to empowerment and rural development in Alagoas. I also knew the geographic, economic, and demographic characteristics of Alagoas well. I had been first introduced to the professionals who now served as the three directors of EMA by Marco in 1994, when I was working for him at the trust fund in Washington. The directors were key managers in a foundation in Alagoas and they spun-off EMA from the foundation. I secured a Golden Genesis scholarship in 1996 and a Ford Foundation scholarship in 1997 to study the institutional incentive structures in the foundation in Alagoas. My research into the foundation included spending six months interviewing and observing the members of the foundation, and so I came to know well these three professionals who had set-up and were now managing EMA. Following graduate school, I went to work for an Arlington-based consulting firm where I had deputy management responsibility for a United States Agency for International Development Brazil Mission (USAID/Brazil) program designed to finance energy efficiency investments in Brazil. Two of the professionals in EMA were managing a USAID/Brazil program for EMA and we met from time-to-time at strategy and annual retreats for USAID/Brazil. In these retreats, we agreed that it would be good to work together in the future and I reconnected with the directors of EMA to develop the proposal to IKF. In mid-June 2004, 5i and EMA won the bid to IKF for the work in Brazil.

EMA, IfE, EVG, FDA, and 5i had been crafting the concept of formalizing the network that we had jointly developed as a new institutional modality for mobilizing

capital for agriculture and infrastructure investments that addressed sustainable development requirements in Brazil, China, and India. Ayesha and I flew from New Delhi to Brasilia to sign our contract for the IKF work with the British Embassy in July 2004 and then flew up to Maceio, the capital of Alagoas, to meet with our network partners to discuss further collaboration. As GHF helped develop and fund the network, Julia and Chi also attended the meeting. Following our network meeting, Ayesha and I worked with EMA in developing the structure for our new work together under the IKF award.

Ayesha and I first wrote both the concept note, which was approved, and then the formal proposal for IKF on behalf of IfE in support of a rural finance project in the Yunnan Province in China. IfE later won the bid in June 2004 and we worked through an arrangement together where they would pay all our in-country costs in China for work in support of development of the project.

The two compilations presented in this section introduce the relationships which Ayesha and I believe to be critical in the start-up phase of 5i, the rest of the Chapter looks into the intricacies in the initiation and development of each these relationships.

DEFINING OUR STRONG TIES

In 5i's start-up phase, both Ayesha and I view our network relationships with Julia, Chi, Amaya, Kate, Marco, Arun, and Pooja (to be introduced later in this section) as critical strong ties. Julia and Chi, as senior officers in GHF, were our direct clients; Amaya linked us with the unit in IKF that functions within the initiative she created from her position in FCO and this unit was our direct client; and Kate, Marco, Arun, and Pooja were all programmatic partners.

Ayesha and my relationship with each of the seven individuals classified as our strong ties started in the professional realm. Each relationship then evolved into a professional and personal friendship within the 24 months spanning the pre- and post-registration periods in our start-up phase. Ayesha and I built and maintained our relationships through open, frequent communications on personal and professional matters both directly in personal contact and via e-mail correspondence and telephone calls. Our relationships with our seven strong ties proved reliable throughout our start-up phase and each exhibited a strong degree of trust, friendship, and closeness.

In the two compilations presented previously we introduced our relationships with our three clients and four programmatic strong ties and showed some of the elements of our professional collaboration in action. However, as Ayesha and I both perceived our strong ties with these individuals to be in some way critical in the start-up phase of 5i, further discussion of the role of the relationship in this phase is presented in the next few sections.

Strong Ties with Clients: This section discusses our strong ties with Julia, Chi, and Amaya. An excerpt from the 5i Strategy Retreat in Tokyo in December 2004 summarizes the importance of the relationship with these three individuals. The discussion then moves to the specifics of the dynamics of each individual relationship Ayesha and I felt to be critical in our start-up stage.

Strategy Retreat, Tokyo, Japan: December 2004

***Ayesha:** ...The other thing that I think you brought into this whole equation was a network; contacts with the clients, whether it was GHF or IKF, both came from you and they are our only clients right now.*

***John:** They are both enablers because they are good clients...*

***Ayesha:** That was my next point, first of all, your contacts, and then, yes, I agree with you that these guys were flexible, they were willing to work with us on things, it was not bureaucratic, it was not a tight jacket....*

***John:** ...Just getting back to how a few key individuals have really been empowering for us and what we actually mean by that in our context. From the early days Catherine introduced me to Amaya and the IKF network opened and Amaya being very supportive of what we are doing and then Chi and Julia being very supportive of what we are doing. We could not have asked for three better people to support our growth, both intellectually and monetarily, in the early stage of our firm.*

***Ayesha:** Yeah, I agree with you on that.*

I met **Julia** and **Chi** in 2000 and started to work with them on the very end of a small contract Eden had secured with CSF. Eden wasn't executing any work on the contract with CSF until Kate took over as the Managing Director for the responsible Group. Kate asked me to take the lead on the management of the contract with CSF and after reformulating and then concluding the work on the existing contract in early 2000, I prepared two sets of further proposals to CSF and Eden was awarded grants in support of both. In this initial stage of my

relationship with CSF, the contact I had with Julia and Chi was purely on a professional basis. We met every four months or so in their office and our interactions ranged from formal presentations of agendas and discussions of program concepts to tactical conversations on tasks and budgets to our briefing on and then chatting with them about progress on the execution of work under our grant agreements. In 2002, Julia closed CSF, and then she and her mother endowed and opened GHF.

As discussed, when Kate and I moved from Eden to EVG, we worked in partnership with Marco at FDA to prepare and present an initial proposal to GHF for a project preparation grant. FDA was awarded the grant on behalf of our team. Following the award of this first grant from GHF, Ayesha and I both started to travel and share further time and experiences with Julia and Chi. In July 2003, Marco and I travelled for ten days through Europe with Julia, her daughter, and Chi to meet other foundations and potential investors. In October 2003, Ayesha, Marco, and I visited Beijing, China, for a few weeks and spent much personal and professional time with Chi. In January 2004, Chi and some of his colleagues from China visited us in New Delhi and we travelled together into the Himalayas for a little over a week to review our operations. In May 2004, Ayesha and I travelled through Guangxi with Julia and her mother and Chi. In July 2004, Ayesha and I spent a few days with Chi and Julia at our nascent network's strategy meeting in Alagoas, Brazil. In October 2004 and March 2005, Ayesha and I joined Julia for two sets of foundation meetings in California. In November 2004, Julia and Chi travelled to India for a little over a week to review and help Ayesha and me think strategically about our work. These are just a sampling of the times we shared together. Each journey together allowed lots of time for casual conversation in long car and boat rides and over drinks and dinners. We went shopping, visited tourist sites, and shared a few mishaps together. These trips allowed us all to better understand each other and the shared experiences together led to strong ties among Ayesha, Julia, Chi, and me that stretched far beyond the traditional client/contractor relationship.

The importance of sharing journeys together that mix both professional and personal time is constituted in the development of both competency and relational trust that developed from, on the one hand, Julia and Chi having the opportunity to see Ayesha and I work and to participate in our development of the ideas for our work that they were funding. On the other hand, Ayesha and my work benefited from the ideas they brought in and the opportunity we both had to discuss and discover shared values. Our travels together also allowed space for us to disagree while still having sufficient time to come back and discuss our perspectives'. The shared trust that evolved helped us to insure the autonomy for innovation yet assured the accountability they required in delivering results. The processes of socialization helped build the bonds that facilitated cooperation. Initially competency trust in Ayesha and my work motivated Julia and Chi to interact with us further and us with them. But, given the opportunity for sharing at a personal level too, opened the space for the social relationship to develop. We built a set of relationships that are rare in the consulting world, it is not often that contractors are permitted so much access to the senior leadership and family members who underwrite and control well-endowed family foundations.

The e-mails below give an idea as to the proximity of our relationship with Julia.

From: Julia
Sent: Wednesday, November 24, 2004
To: john; ayesha

Dear John and Ayesha,

Finally on a decent computer...my trip was smooth and but for not sleeping have switched into vacation mode with my clan. Had a scrumptious day alone with [Julia's son] kicking around the city yesterday and as of last night all the others have arrived safely...we begin our decadence today ! We thought we would swing up to Napa Valley and have lunch at Domaine Chandon...as we spin through the redwoods...

Seriously, I cannot thank you enough for absolutely every part of the journey...physically and spiritually it was very special to be able to learn and share in your work. As I told you I am quite impressed with your agenda, business plan and on the ground activities...thanks for making the effort to share with us so intensely.

Hopefully you are on your way to China for Turkey-does seem a bit of an odd venue for Thanksgiving but have fun with it.

Stay in touch and let us know how things progress.

Happy happy turkey day...Very best, Julia

From: Julia
Sent: Tuesday, May 25, 2004
To: john

Sounds great...we will plan on the 5th...let me know your whereabouts when the time gets closer.

Best, Julia

From: John
Sent: Tuesday, May 25, 2004
To: Julia

Dear Julia,

Thank you very much for your e-mail. Missy and I would very much enjoy getting together in [location of GHF and Julia's house] on Saturday (June 5) to share some wine if it works for both you and Ethan?

This morning we heard that IKF selected to fund 5i's work with organic farmers associations the northeast in Brazil.

Our meeting yesterday in London with [London-based family foundation] went well, their Board has decided to send a team to review our work and if all goes well in the review they will provide us with the five year PRI we have requested.

Ayesha and I are disappearing for three days for our strategic retreat and I will not have access to e-mail until the weekend.

best regards, john

From: Julia
Sent: Sun, 23 May 2004
To: john

Dear John,

Thanks for your sweet note....yes we are "stateside" again and I am highly frustrated about missing the Heilongjiang portion of the trip ! [julia's mother] seemingly got food poisoning and it wiped her out.....

I too really enjoyed my time with you and Ayesha. Again I want to reiterate how truly impressed I am with the work you both are doing. It is so fabulous to be along for the ride...and to share such values...

As for your visit to Madison...do you two feel like driving down to [location of GHF and Julia's house]..I would love to invite you for wine on our terrace one of those evenings if I can get Ethan to cooperate...? I am actually fairly flexible that weekend...it is the only one that I am!

However I have just reclaimed a week of my life....haven't decided whether or not to hibernate!

Let me know what makes sense or sounds good...and again thanks for your kind words.

Best, Julia

Financial Resources: In terms of resources, GHF provided us with approximately Rs. 1.09 million in FY03/04 and approximately Rs. 7.6 million in FY04/05 which respectively constituted approximately 37 % and 56 % of our revenues as per our audited financials for the two years. Although Ayesha and I wrote the bulk of the two proposals that were submitted to GHF, the proposals were actually submitted by FDA and the funds were first awarded to FDA with the understanding that, on the second contract, a sub-contract for a pre-agreed upon amount would be immediately issued to 5i. As previously detailed in the compilations, no funds from the first contract between GHF and FDA went to 5i as it was not legally registered at the time. Instead, FDA issued a consulting contract to EVG which supported both Ayesha and my time as we defined the financial products and services that would eventually be offered by 5i and provided coverage for us in the preparation of our first proposal to and in the maintenance of our relationship with IKF. Essentially, GHF support to 5i was designed to allow us to work through the modalities and transactions that would help us begin the transition from a pure consulting practice to an active social private equity investment and consulting practice which would create a self-sustainable vehicle for yielding the economic development results GHF was interested in.

Introductions to Other Foundations: Julia and Chi played an extremely valuable brokering role. Family foundations are often horribly difficult to access. In October 2004, Julia and Chi organized a meeting for 5i, EVG, and FDA to present our ideas to a number of key decision-makers from major foundations on the West Coast of California. Ayesha was invited by one of the participants in the meeting, who had previously worked closely with Julia, to speak at the Global Philanthropy Forum at Stanford University in the United States in March 2005, an 'invitation only' meeting of members of the families who underwrite foundations as well as senior foundation leaders. I was also invited to attend the meeting. A contact Ayesha made at the Forum with a California-based family foundation later awarded her a fellowship to work

through the strategic development of 5i. The organizers of the Forum also arranged for us to pitch our ideas on the finance facilities we were crafting to three very successful venture capitalists in Palo Alto and Menlo Park. The Forum organizers opened the opportunity for us to enter a global competition for innovative social entrepreneurship practices on a fast-track. As one of the 15 or so winners of the competition, we were able to present our work to a few hundred foundation officers in a philanthropy ‘marketplace’. All of these opportunities opened-up to us because by March 2005 Julia and Chi knew us well enough, were comfortable enough with what we were doing, and believed in our philosophical approach enough to give Ayesha and me references in their community of the major contributors to and leaders of foundations in the United States. It would have been very difficult, if not impossible, for Ayesha and me to access many of these individuals without an introduction from GHF. In addition, Chi made formal introductions for Ayesha and me to senior officers at the Shell Foundation in London and the Toyota Foundation in Tokyo in early 2004 and opened opportunities for us to present proposals to these officers.

Introduction to Work in China: Julia and Chi also introduced us to IfE and into work in China. Ayesha and I had few contacts in China and it would have been very difficult, from both a cost and time perspective, for us to develop a new line of business in China ourselves. We would not have even considered developing business in China if it were not for the contacts given by GHF. Chi introduced us to IfE, the non-profit GHF set-up and then spun-off in China, and further spent the time with us and Wu and Yi to build the bridges necessary for a relationship to develop between us. We both trusted him and this trust helped us build trust in each other. As with any strong ties, the relationship that evolved in China was reciprocal with both Ayesha and I assisting GHF with strategy, program design and execution, and external fund raising for the IfE.

Sharing of Ideas: Ayesha and I held extensive discussion sessions with Julia and Chi on the role of financial systems in rural development in Brazil, China, and India; successes and failures of past attempts to use financial instruments as tools in rural development; and the

possibility for new financial instruments to play a key role in promoting rural development in these three countries. Over the course of our relationship with GHF, they have moved from a predominately grant making institution to an institution that has made a commitment to invest approximately 50% of their capital corpus in program-related and mission-related investments. Hopefully, during our travels and time together our discussions on the crucial role of finance in development helped in some small way in stimulating this transition. Julia, Chi, Ayesha, and I also shared personal interests in mundane matters such as slow foods, horses, Burgundy wines, farming, traditional crafts, and architecture.

Strategy Retreat, Snowhill, England: May 2004

Ayesha: *What do we say about GHF?*

John: *Excellent partner*

Ayesha: *Very very excellent partner especially in Chi not just as a donor but really as a partner, helping us in all the stuff that we do. They have been wonderful.*

John: *They are super, absolutely super intellectually and as a client*

Ayesha: *Super cala fragelisticI think especially GHF, having someone like Chi behind us and supporting the work that we do and going out to fight for us. And actually going out to other potential donors, foundations, whether it be Shell or Toyota Foundation, going out and saying hey take a look at these guys they're good....*

Ayesha: *...I think GHF confidence is a huge strength, the Palo Alto meeting*

John: *The opening of the California opportunity, the Global Philanthropy Forum, and the other meetings that came about afterwards*

Amaya was introduced to me by Catherine, my PhD Supervisor at WBS. This was an incredibly fortuitous introduction and one that proved to be wonderful on the personal side, as well as empowering on the professional front. Amaya was a former PhD student of Catherine's and Catherine thought it would be good for her and me to meet and share ideas. Amaya not only became a good friend and intellectual colleague, but also played an extremely valuable role as a broker in introducing Ayesha and I to IKF.

When I first met Amaya, she was in the processes of transferring from the Prime Minister's Strategy Office to FCO. As discussed in the first compilation, Amaya went on to build IREP

from her position at FCO. In its first few years of operation awards made through the renewable energy unit at IKF would constitute one of the many ways the British government exercised their leadership on IREP. Excerpts from Ayesha and my discussions further describe the relationship:

Open Discussion on Critical Points - Set III: September, 2004

John: *Catherine introduced me to Amaya. The three of us sat down and had coffee in a café near Amaya's office in Admiralty Arch in London. Catherine opened the conversation by saying that I think you two would have a lot to talk about with where Amaya is going. Amaya said let me tell you where I am going and explained her initial thoughts on and strategy for IREP. And then Amaya and I had a bit of a debate about the renewable energy sector and where she thought IREP could play a valuable role. Then Amaya sent me a brief on IREP and asked me to comment on it and I sent her a memo on what I had discussed with her. Amaya met and engaged with me because I was a student of Catherine. She trusted Catherine's and it was Catherine who introduced us. As you know, it was from these meetings that we were able to connect with IKF.*

Strategy Retreat, Snowhill, England: May 2004

John: *But we have contracts with very flexible, very engaged clients and that I think is key. I mean GHF is fantastic, IKF is fantastic; both of them are very very flexible as far as time management goes - its not like working with USAID that has very rigid, heavily bureaucratic rules to follow...they instead say you design and write the concepts, you get them out there, and then you follow your path, and if it changes it changes, and we can adjust.*

Ayesha: *Yes, I agree with you 100% on the GHF stuff. On IKF, I think IKF you will find is going to tend to become more bureaucratic.*

John: *Yes, I think it will become so, but up until the present between Amaya and [our IKF initial contract officer], in the beginning, in terms of their understanding of what we are doing and openness to what we are doing has been fantastic...Yeah, I think that so far IKF and GHF have been good clients.*

Ayesha: *Yes*

Following our initial meeting, Amaya asked if I would be willing to serve on an advisory group responsible for developing the financing strategy for IREP and send her a memo detailing thoughts on the importance of working with local financial institutions in developing countries for financing small-scale, rural renewable energy ventures. I agreed to serve on the advisory group and send the memo. In its first operational move, the renewable energy program in IKF was interested in piloting a few projects that would showcase the concept and bottom-up approach to project development to be executed under IREP. Amaya invited me to submit a proposal to the new IREP 'window' in IKF that presented the idea of developing an

example of such a concept. Ayesha and I drafted the LFH proposal, in partnership with SEI and JP in Uttaranchal, and submitted it to Amaya who declared it a IREP priority and passed it to IKF. We were awarded a contract in support of LFH in September 2003.

As I was spending about a third of my time in England from September 2002 to October 2004, I had the opportunity to spend time with Amaya in many informal and formal strategy and partner meetings on IREP and eventually took on the role of co-chair of the IREP finance task force. Such involvement gave 5i's work excellent visibility and helped us learn and build relationships that in the case of SEI, resulted in a partnership on a proposal, and in another case the opportunity to raise funds from the Department for Environment, Food and Rural Affairs. It also opened-up the opportunity for Ayesha and/or me to present and discuss our work at IREP events in London and India and discuss our ideas with a number of senior level political delegations from England when they were visiting India. Finally, these meetings and the drinks and dinners following them gave Amaya and me lots of time to get to know each other and to build both a strong friendship and working relationship. My relationship with Amaya evolved in much the same way as Ayesha and my relationship with Julia and Chi, it started with the building of competency trust based on shared successful delivery of professional commitments and mutual agreement of beliefs concerning economic development. The personal and professional time permitted the relationship to flourish and relational trust layered onto the professional trust.

The IKF team were pleased with the results of our first project and they and Amaya invited us to submit bids in the second, open competitive round. As previously explained, 5i submitted two proposals to IKF in this round, one for work with SHGs in Brazil and the other for further work with micro-hydro projects on organic tea gardens in India. Ayesha and I also wrote a proposal for IfE for work on rural finance and biogas generation units in Yunnan. Amaya was very supportive directly and indirectly in these bids. She had introduced us to IKF, opening our relationship with them; she supported our project work and bids by declaring them solid examples of IREP-type work; and by giving us important platforms from which to speak in

both internal strategy and external partner meetings. Finally, by taking the time to listen to, understand, and later visit our work she was able to better articulate the concepts we were developing and testing. We in turn spent as much time as we could discussing our ideas and sharing our work with Amaya.

Connection to Financial Resources: While Amaya's unit in FCO did not provide us with any financial resources directly, Amaya invited us to participate in the pilot, 'by invitation only' round of IKF and then in the second open round. In the first round she submitted the proposal to IKF on our behalf and supported our concept by declaring it as one that illustrated what IREP can do. In the second round we submitted directly but she kept engaged in what we were doing and argued that the proposal fit into the framework for IREP. While IKF solicitations are competitive and decisions on proposals made by an independent board, the first solicitation was by invitation and it would have been difficult to imagine that we would have known about it, or been invited to propose, without Amaya's support and understanding of our work. Also, the prominent position we were given in the first year of IREP permitted FCO staff and others in the renewable community in England to know and understand 5i's work and allowed us to know and understand IREP better. Funding from IKF in FY03/04 totalled approximately Rs. 1.87 million and represented approximately 63% of our revenues. In FY04/05 funding from IKF totalled approximately Rs. 6.01 million and represented approximately 44% in FY04/05, per our audited financial statements for these two fiscal years.

Sharing of Ideas: Amaya and I spent lots of personal time having lunch and dinner and going to parties together around the IREP, IKF, and other meetings. As both of us have a keen interest in renewable energy and India - Amaya had written her PhD under Catherine on policies to encourage renewable energy in two states in India - we also shared ideas together on renewable energy and related topics. Amaya also travelled to India for a number of meetings and Ayesha travelled to London for IREP meetings and they got to know each other. Aside from the pure personal and intellectual enjoyment of spending time with Amaya, I

learned much from our discussions ranging from the tactical (who is doing what where and how) to the more academic and strategic perspectives on the appropriate role for government funding in infrastructure investments.

Bridging Structural Holes: The connection created between Amaya and me by Catherine and the connection made between 5i and IKF by Amaya placed us in a strong position in relation to other partners in our network. Prior to our connection with Amaya and IKF there were no ties between any of the other members of our network and IKF and Amaya. This type of structural relationship in which a bridge is created between otherwise unconnected actors in a network is defined by Burt (1992) as ‘bridging structural holes.’ Occupying this bridge position permitted 5i to receive new, strategically important information on IKF sooner than others in the network. The position translated into our ability to access the pilot round of IKF funding before other members knew about it and to participate in the crafting of the IREP initiative, accruing benefits of information and contacts in its formative stage, before the process became fully articulated and public. However, with our understanding of IKF and IREP as well as the skills of the members in our network, we were able to see that there was a chance for a number of mutually beneficial relationships to evolve if they came to know each other. We quickly introduced Julia, Chi, Marco, and Kate to Amaya and she introduced them into the IKF and IREP networks and processes. Following the introduction to Amaya, Marco became a friend and colleague of Amaya’s. He was contracted to manage an IREP meeting in Brazil, served as the first IREP Secretariat for North America, served as a member of the global program advisory committee for IREP, and submitted and was awarded funding for two proposals in the second round of funding under IKF. There was no contact between Marco and Amaya or between Marco and IKF prior to Ayesha and my introduction of him to her. By bringing Marco into IREP, we all benefited. In addition, Ayesha and I introduced Julia and Chi to Amaya. Amaya was invited to join IfE’s Board; a benefit to IfE probably more than to Amaya, as the institution was in its infancy at the time. We also connected IfE and EMA to IKF and they both won awards with multiple partners and Julia and Amaya became friends.

Strong Ties with Partners: Ayesha and my discussions reveal strong relationships with four network partners: Marco, Kate, Arun, and Pooja during our start-up phase. Though our perspectives on the ties with some of these partners were not as congruent as our perspectives on ties with the clients discussed above, we both saw these four relationships as critical in our start-up phase. The first two ties with Kate and Marco were old, strong ties of mine that I brought to 5i. The second two ties evolved through brokers, Deepak introduced us to Pooja, and Ayesha's father introduced us to the supervisor of Arun, and Arun evolved into a strong tie. A discussion of each of the relationships with these four individuals in our network is presented below.

Kate is the co-owner and president of EVG, a consulting firm that works on policy and analysis in the energy and security sectors. I have known and worked closely with Kate since 1992 and we are long-time friends and colleagues. Over the 11 years prior to the founding of 5i, we worked and travelled extensively together. Kate was my boss at Eden from 2000 to 2002 and is my boss at EVG; where I have worked on a part-time basis since 2003. Ayesha had known Kate since she joined Eden-India in 2001. As discussed previously, prior to developing 5i as an independent firm, Kate had thought Ayesha and I would manage the South Asia operations for EVG as EVG-SA and had contracted Ayesha to establish such in India. When Kate and Scott decided not to develop EVG-SA, we invited them to be shareholders in 5i and even though she and Scott decided not to formally subscribe to shares; Kate was a sounding board for Ayesha and me in terms of ideas and remains a close friend and colleague. In regards to the reciprocal nature of the relationship, 5i has subcontracted EVG for work in Brazil and I maintain a close relationship for EVG with GHF.

Ayesha and I both believe that Kate was a critical strong tie for us.

Strategy Retreat, Snowhill, England: May 2004

John: Yes, but EVG was our incubator, our foundation; none of this would be possible without EVG. EVG is different...EVG is a special relationship. Do we agree on that?

Ayesha: Yes

However, Ayesha and I have different opinions as to the role of EVG in the start-up phase, as the excerpts from our respective journals illustrate.

Open Discussions on Critical Points - Set I: September, 2004

John: How do you feel about, you know, about that [the element of risk and coverage] during the first months of our start-up phase? You were getting a little bit of money from Kate for that phase.

Ayesha: I was. No, I was fully covered by Kate for that phase...

John: How did you feel about your future? I mean you had no [future] coverage. You had a business you were starting-up. How did you feel about the future possibilities? Did it make it easier that it was EVG-SA that you thought you know? Did you think that Kate would kind of look after you? Did you trust that we would look after you, or that I would look after you or that you would look after you? How did you feel? I mean it was risky for you.

Ayesha: Yeah um, no I trusted that between you and Kate that you guys would cover me fully. My understanding was that for one year Kate would help, and would cover, and would support. Beyond that...I had to be a little more proactive in terms of making sure that...of course if in the interim we were able to raise...get contracts from other sources nothing like it but that for...I don't know where I got this from...but for a one year period at least I would be ok.

Ayesha's Journal II: Page 8

I understand that both John and I owe Kate a lot for the opportunity she has given us. However the question is how much do we owe Kate?

Ayesha's Journal II: Page 4

We [EVG, FDA, and 5i] recently put together a multi-year, multi-organization, multi-country, multi-million \$ proposal. I feel the bulk of the work was done by John & I and yet we (5i) are treated as a small, in-country sub. I would not use the word 'partner' here because I feel we are not treated as such. I feel like their [Kate and Marco] attitude is that this is "Their" project, and 5i is simply an incidental organization, scratching together some insignificant work in this little developing country. John has repeatedly hit Kate and Marco over the head just to get our name on the cover of the proposal or my bio and 5i's profile in. Then too, the point is not always taken. I understand that GHF is a 'Kate contact' but in my book that only buys EVG so much latitude. I feel that EVG is continually violating that latitude and taking undue advantage of it.

John's Journal: Pages 59 to 64

EVG is a trigger issue for Ayesha and I. I don't know how she cannot value what Kate provided to us in our early days. I came to know about CSF because one day, shortly after both Kate and I had begun working for Eden, she came into my office at Eden and said we have a little money left over in this contract with CSF and I don't know anything about them, but do you want to chat with them and see if you can agree on how these funds should be used. I called Chi at CSF, since he was given as the contact in the project documentation, and set-up an appointment. Kate and I, we went together to see Chi and his president, Julia, and over time cultivated a relationship that eventually resulted in CSF funding us at ten times the level of the

original amount left in the contract. Kate and I cultivated this relationship together, but she opened the door. How could I possibly start a firm that would take CSF/GHF away from Kate and EVG?Kate paid for Ayesha's time for the first few months of initiating the research on company structures and legal registration of a firm in India necessary to set-up EVG-SA, this knowledge was eventually put to use by 5i. Kate also paid for Ayesha to contribute to help develop the strategic plan for EVG-SA and she paid for my hard costs associated with such. She also paid for us to ...come to the US for the first strategic retreat for EVG at her house. She paid all my hard costs (telephone train fares, airplane tickets, meals, and hotels) when we were setting-up EVG-SA, even when I wasn't officially working for her. This support for our time and/or hard costs for reflection was critical for us. During this period we identified the law firm that would eventually register 5i, the accounting firm that would service our needs, and the organizational structure for what was to become 5i. Kate trusted me to develop a pathway forward for EVG in South Asia. These thoughts come back as I was just thinking about a car ride in China when Ayesha and I got into a heated debate over the challenging of some GHF funds for my global and China work through EVG instead of 5i. She saw this as a conflict of interest and I found myself battling her in defence of the importance of EVG to 5i and the need to be fair to EVG in the distribution of resources given that CSF/GHF were contacts from Kate. The realization of the importance of the coverage Kate gave to us in our first few months and the previous relationship with CSF seems to have been lost on Ayesha. It was at that time in our nascent stage when she was given the coverage to permit her to move forward in contemplating a company structure in India. My involvement in 5i was made possible by the flexibility afforded me by EVG. Nobody else but Kate would have let me have so much space and freedom with contracts so I could develop a new firm when the first alternative of setting-up EVG-SA didn't work out. This type of freedom comes from years of mutual trust and respect.

Financial Resources: No significant financial resources have flowed from EVG to 5i (only to Ayesha as a consultant to EVG prior to registration of 5i and to me as a part-time employee of EVG) however, the contacts that Kate and I established at Eden with CSF, and later GHF, were vital as GHF would become one of 5i's two core clients. 5i did contract with EVG for my work in Brazil on the IREP contract, as my agreement with Kate was that I would execute any work outside India from my part-time position with EVG. I introduced Kate to Amaya and to IKF and she submitted a number of proposals to IKF.

Sharing of Ideas: It would be impossible to accurately quantify the amount of information sharing that goes on between Kate and me. In 2004 we spoke by telephone at least twice a week and I received 158 direct e-mails from her in the 250 annual works days while I sent her 136 in the same period. We worked together on a number of contracts and shared ideas on matters ranging from funding sources and business concepts to the intellectual constructs for proposals to client relations to where to go to dinner in London. Kate and I already had a well-established personal and professional relationship prior to the start-up phase of 5i, our

work on EVG-SA simply further solidified our professional and personal comfort with each other.

Two examples of e-mails that illustrate our relationship are provided below. In order to protect commercial interests of the parties in these exchanges, actual names have been replaced with proxies in brackets.

This first e-mail shows us discussing a new consulting assignment and the second shows us working together on a proposal. It is obvious from the e-mails that we know each other well as: we work on a first name basis, we don't make an issue about calling and e-mailing each other on weekends, we both travel in the same professional circles and so use short cuts on names of friends and colleagues (these are difficult to see because actual names have been deleted, but all names referenced in these e-mail exchanges were done on a first name basis), we use an informal tone in discussion, and so on.

E-mail Exchange One

From: John

Sent: Monday, February 23, 2004

To: Kate

Kate,

OK on clarification on the [World Bank Division] piece. I am always willing and open to work with [senior finance professional from India and a friend of mine], he would make an excellent lead and I could learn much working under him. I would suggest you contact him directly and formally, ask about his availability, etc. and then I will follow-up (e-mail address deleted).

Please let me know when you want me to go to Brazil to meet with [United Nations (UN) agency officer 1 and mutual friend] asap (March 9-20 or April 5-19) as I am juggling air schedules, etc.
john

From: Kate

To: John

Sent: Saturday, February 14, 2004

John, I will try to call over the weekend.

One clarification though, the [World Bank Division] piece is a global facility that would work locally in [village energy group] countries. Brazil may be one but others as well, that would need to be determined. The work with [UN agency officer 1 and mutual friend of Kate and I] right now would be advising on their [international

foundation] work on banker training and local resource mobilization. This may end up requiring risk mitigation and therefore could try to get [World Bank Division] funds.

What about [senior finance professional from India and a friend of mine] working on this as well. I think that would be very useful and saleable, if he would. He could lead this with you doing the bulk of the work giving us a strong developing country proponent. He is highly respected by all the players. Just a thought. There also may be another person involved at least in the next few weeks who is leaving [development agency] to take a position at the [World Bank Division] and has some time available in the interim; he has a strong guarantee background, [consultant's name]. Let me know your thoughts. Kate

From: John

Sent: Saturday, February 14, 2004

To: Kate

Kate, sounds very interesting. From an intellectual standpoint I would very much like to craft such a program for [World Bank Division]. I could also obviously assist on securing in-country support in Brazil and India.

In regards to time, my commitments are as follows

15 Feb until 25 Feb - Field interviews in Guangxi (GHF China planning grant)

25 Feb until 29 Feb - Beijing interviews (GHF China planning grant)

1 Mar until 4 Mar - Writing-up BMF rural finance program for China (GHF China planning grant)

4 Mar until 7 Mar - in transit back to UK (or Brazil?)

8 Mar until 20 Mar - I could go to Brazil or I could work on the GHF concept brief and go to Brazil in early April?

22 Mar until 5 April - vacation/family time (best friend's wedding and missy's birthday)

5 April until late/mid-April - open to go to Brazil or to work on GHF concept

Per the above, I have about ten days open in March and ten to fifteen days open in April. My two strict constraints are that I could not begin any work until 8 March and must be available for my family/friend's wedding from 22 March until 5 Apr. Otherwise, I am open to and interested in the [World Bank Division] and Brazil work.

Some thoughts on a possible schedule? It seems it would be best if I

(1.) drafted the [World Bank Division] concept note from 8 March until 13 March;

(2.) circulated the first draft and incorporated comments from [village energy group](you, Susan, etc.) internal team and a few [World Bank Division] staff and close colleagues by 20 March;

(3.) sent concept note to [UN agency officer 1 and mutual friend] and [UN agency officer 1I] for review;

(4.) met with [UN agency officer 1 and mutual friend] on 6 to 9 April in Brazil and we discuss the potential [World Bank Division] work and bankers' training programs [I would leave the 10 - 15 April open for GHF in Brazil] and;

(5.) return to India on or around 19 Apr. and discuss with [UN agency officer 1I].

If at all possible, please call me today per my previous mail. John

From: Kate

To: John

Sent: Friday, February 13, 2004

John, I would very much like a chunk of your time fairly urgently, but don't know how feasible it is. I would like to develop a concept note on development of a [World Bank Division] energy-access risk mitigation facility that would be supported by [World Bank Division] and others. [World Bank Division] is quite interested. This facility would not do investment but would work with local banks in [village energy group] partner countries to mitigate risks they may have in supporting renewable energy projects. As [World Bank Division] is renewables, it would only apply to these projects. The facility could support guarantees, partial guarantees, entrepreneur training, etc. It would also be great if it could target micro-credit organizations and consumers somehow. It could partner potentially with [international foundation] as a pilot in Africa as well as with other lenders etc. You would be perfect to scope this out, starting with a 2-3 page concept note, but I don't know your availability. You have the time coverage under the [United Nations agency] contract. You would need to look at the [World Bank Division] web site to develop the concept note along the guidelines they are looking to. I am also enclosing the proceedings of the excellent [World Bank Division/development agency] risk mitigation workshop I attended in Paris ['senior finance professional from India and friend of mine' was there], that addressed similar issues/needs from the carbon perspective. It might even be very interesting, and I could get funding for him as well to get [senior finance professional from India and friend of mine] involved in the development of this facility. This is just a thought I have, not yet developed, but [World Bank Division] is interested. I haven't talked any funding with them yet, but if it is significant would need Board approval and the next round is May. Recognize we would also need country buyin I believe so we would have ground work to do... Your thoughts, Kate

E-mail Exchange Two

From: Kate

Sent: Monday, May 03, 2004

To: John

John, this looks good. I added a para on EVG in the EVG-FDA agreement as you had indicated. I did have a question though on the payment schedule. Is Marco receiving all the funds upfront as GHF typically does, or is it staged the way you have outlined here. If he is receiving it upfront I would prefer we did as well, if staged, then we should stage as well. Second, on the internal budget, my rate is \$X/hour loaded. This has always been the rate since at Eden). I adjusted the internal budget by keeping the same bottom line number and adjusting my days down accordingly. I don't think this affects the EVG GHF budget. If so let me know. Let me know your thoughts on these points and if OK I will forward to Marco. Thanks again, Judy

From: John

Sent: Friday, April 30, 2004

To: Kate

Kate, please find attached the draft of the contract between FDA and EVG under GHF and the associated budget (EVG GHF Budget). Please read and edit as you see fit. In the contract please add the most recent one paragraph overview of EVG in the location I have highlighted in green. When you are satisfied with the contract and budget please forward to Marco.

I have also attached a detailed budget (3 sheets) that gives you a comprehensive picture in regards to allocation of resources. This budget is for EVG internal use only, please do not forward this budget to Marco, John

Marco is the President of FDA, a New York-based non-profit. The non-profit was established in memory of Marco's wife's grandfather, a famous Italian-American politician in New York City. FDA works in the renewable energy finance arena, principally in Brazil, and serves as the coordinator for what was at the time the nascent network of organizations that included EVG, IfE, EMA, FDA, and 5i. When 5i was registered, Marco and I had been friends and colleagues for 13 years. We have travelled, worked extensively, and shared much personal and professional time together. Marco was my boss at an investment trust fund in Washington from 1992 to 1995 and helped me arrange some funding for three months of graduate research in Brazil in 1996.

Financial resources: All 5i's contracts from GHF were channelled through FDA as it served as the prime contractor. GHF simply preferred for the grant agreements for their funding to be written to one non-profit for administrative and tax reasons and they also saw solid value in the expertise Marco brought into the partnership. This is an unusual contractor/sub-contractor relationship given that I introduced Marco both to GHF and to IKF as clients, a significant portion of the two proposals FDA submitted to GHF during 5i's start-up phase were written by Ayesha and me, and 5i connected FDA with partners necessary for Marco to execute program work, including investors for a fund FDA was raising capital for in China. FDA's management of 5i's contracts under the GHF funding has been extraordinary. In our sector, prime contractors tend to try to control the work agenda - even if they haven't written the scope - and distribute a greater share of the monitoring and reporting burden on the sub-contractors. In this relationship contract management has been 'fluid', 'fast', and 'light'; Marco was more of an intellectual partner than a manager attempting to use hierarchy to control a process. On the 'fluid' side, Marco permitted us the flexibility to write our own contract including scope of work and deliverables, and make adjustments in them as we saw fit. In regards to 'fast', FDA signed our contract immediately after the funds were awarded and transferred each allotment of funds to us days after we submitted deliverables. Finally, Marco was 'light' in the bureaucratic side of managing our contracts, keeping a focus on the outputs rather than the process and permitting us the autonomy to move as intellectual

directions indicated instead of being caught in a bureaucratic morass that could come about as a result of changes in international contracts, especially given the regulatory regime in India's governance of such.

Sharing of Ideas: Marco and I talk often on the telephone and, in 2004, we spoke at least once per week. I received 70 direct e-mails from him and sent him 98 in the 250 annual work days. In the 24 months that constitute the start-up phase of 5i, we worked together on the design of two major proposals to GHF and won both; shared ideas on issues ranging from potential investors for an equity fund he was helping with in China to the structure of finance facilities in Brazil and India to Italian wines and Calvados; travelled together in Brazil, California, China, England, Italy, India, the Netherlands, Switzerland, and China; and spent time with each others' families in our respective homes in Arlington and New York. Marco and I developed an even closer friendship through the extensive work we executed together and personal time spent together during 5i's start-up phase.

From: marco

Sent: Wednesday, December 03, 2003

To: ayesha

My dearest Ayesha (I bet you can tell I want something).

I want to mention [finance facility 5i was designing], 5i, and [Organic Tea Garden in Darjeeling] by name on a slide in what is otherwise a rather generic [finance facility] presentation (I considered, but discarded the idea of using your high school graduation picture, as well). I am a bit worried, though that someone is going to ask me something intelligent about the carbon, i.e., what are we paying and how does that compare to a ton generated by an OECD micro hydro (or other) project. Respecting unwritten rules, if [a consultant for 5i] could answer this within the next 9 hours - top of head, obviously- I would like you, rather than me, to ask him. While you're at it, you might ask him how he is doing on reviewing [consultant from Costa Rica working with FDA]'s latest.

If this is a pain for either of you forget it. The chance of an intelligent question are anyway, small.

Do I have the dates right, that if I want to have a day to recover before the India agenda begins, I should fly the 1st? And that the Uttaranchal (sp?) visit will end on the 13th, so that if we are to have a day to work on our World Conquest Plan, it will need to be the 14th? Kate says that she will try to join us that day (at the farm?).

Confused, and potentially as grateful, as ever, M

From: marco
Sent: Friday, January 30, 2004
To: john

Dear John:

Now for the important stuff:

I checked on jaggery - according to the New Oxford American Dictionary, it is a coarse dark brown sugar made in India by evaporation of the sap of palm trees: origin late 16th cent. from Portuguese xagara, jag(a)ra, from Malayalam cakkara, from Sanskrit sarkara 'sugar'. According to Michaelis, the preferred Brazilian Portuguese is *jagra*.

[Italian Director for FDA] wanted to know if you would be interested in 3 mo consulting gig in Haryana State for M&E (something and evaluation?) of a sustainable forestry and community development project of the EU. I assume not, but did not presume. I have asked for more info.

I found my scrawl from my last conversation with [an old friend and colleague of ours]. He has 4 projects being implemented: 15 partial risk guarantees (in process?); 40 project waiting list

As I was waiting for my return flight from Paris, I walked into a shop and saw pens like the one that [Marco's daughter] gave me on sale for 12 euros. I figure that I owe you a dram of Jagermeister.

Finally, as I draw ever closer to dressing exactly as you do (to wit, jacket, woolens, etc.) I went looking for the Ecco shoes. I never found the model. Do you know the name? Is it possible that they are only available in Europe?

Looking forward to seeing you in China.

Best, M

From: John
Sent: Friday, November 19, 2004
To: marco

Hi Marco, good to hear from you. We are traveling here with Julia and Chi, all is going well. Today we are spending a few hours discussing strategy. Much appreciated first day with no car journey.

I think I wear my Ecco shoes about 340 days per year. Perhaps with you and I as the guinea pigs we could negotiate with ECCO to sponsor [our network], good advertising for them (photos of their shoes in developing countries) and we get free shoes. Look for Barbour shirts and jackets when in the UK, they are well made and often last for generations. Think [Marco's daughter]'s kids.

4 days is good for the Cotswolds. My first choice by far would be the Cotswold House in Chipping Campden (reasonable price, good location, nice hotel). Second choice would be Buckland Manor in Buckland (best location, excellent hotel, but expensive). Third choice would be the Dormy House or Lygon Arms in Broadway. Fourth choice is Bibury Court Hotel in Bibury. All these hotels are in the Cotswolds and all have web sites. The village where I stay is called Stanton but the hotel there is next to the village church. Unfortunately the church bells ring on the hour every hour. I will send you suggested walks and pubs when you let me know which hotel you book.

On [finance facility]

(a.) We can manage HFF with the resources committed by GHF (without further grant resources) as long as the capital for the guarantees is in our account by April 30, 2005. If the funds arrive after April 30, 2005 we would require grant resources valued at approximately 10% of the capital to prep transactions and manage the facility. The grant resources and capital do not need to come from the same source. We wrote the brief to show where investment capital could be used.

(b) Our absorptive capacity is for \$500,000 in the next twenty months. We can place \$180,000 in guarantees plus the \$18,000 in grant for prep work (if post April 2005) for a total of \$198,000 on the debt side. We could place \$300,000 in equity between July 2005 and July 2006. We will have all the documents ready to begin the process of sourcing \$300,000 for the pilot equity transactions by April 2005. We can begin processing these transactions as soon as we have the capital with the existing GHF two year grant commitment.

(c) We no longer willing to accept capital for the guarantees in hard currency. We are only willing to sign Rupee denominated loans.

I will send you the web site address for easycar in a day or so as soon as I have solid web access but I think its just www.easycar.com? Best regards, John

From: marco

Sent: Monday, November 15, 2004

To: john

Dear John:

I have been trying to put a table together for immediate investment opportunities and I want to make sure that I am not misrepresenting [finance facility]. In particular, I want to show total fund size. If I understand it it would be \$540,000? Specifically, 1) you say nothing about grant funds in your one-page. I assume then that you would have a separate discussion with potential donor/investors to get grant funds that would make the total transaction \$180,000 + something? 2) from that discussion that we had about what your actual absorptive capacity is, I am assuming that the \$600,000 in guarantees is 3 X (180,000 + 20000 (grant?))? and that 3) [finance facility], at this moment does not have an equity component, but that that component would be further defined, either within or without [finance facility], when you had a potential investor. I am assuming that the 2% is per annum, though in a balloon payment and that for the moment, you are finessing hard currency/rupee returns? As I recall, your original thought was that if you had the grant money, hard currency returns were possible.

I hope that all is going well there and that you have managed to resolve your logistical conundra. I have been blessing you for some days now, since I hocked the family jewels to buy a pair of the ECCO Trak IIs. I was a bit concerned that their medium wide would be too narrow for my foot, but so far, so good. Ironically, it takes a bit for an abused foot to become accustomed to good support. Having now adapted your woolens (tees and socks) I only have to find those famous undershirts, and our bags will be indistinguishable.

We have changed our holiday plans, in part because of your advice about Dublin, in part because [Marco's daughter] is wanting us to spend a couple days at the end in Viterbo. We are now thinking to do 2-3 days in London, 4-5 days in the Cotswolds, and 2-3 days in Viterbo. You had some specific place in the Cotswolds in mind, didn't you? Someplace amenable to hiking etc? I think with [Marco's daughter] 4 days is probably about as much of country as we will do, although not knowing the Cotswolds, I could be wrong.

Also when I try to find easy car on the net. I get a bunch of other services, but not them. Can you kindly give me their address? Best to all, M

From: John
Sent: Friday, March 26, 2004
To: Marco; Kate

Dear Marco and Kate,

Please find attached the summary docs for HFI and CFI-RFP for GHF plus the one year budgets. Ayesha and I prepared these docs. We would suggest you send the CFI-RFP brief to Ms. Jin for review before forwarding to Chi.

Chi requested that the team submit a timeline that illustrates when we expect funding to come in from other donors and how much we expect. I think he is most concerned about [international foundation] which I think the earliest would be Jan or Feb 2005 (if we submit for Nov 2004 meeting).

Please find below 5i's projections. None of these are anywhere near certain. Please make clear in the timeline that these are marked as proposals submitted.

FYI, there is no way 5i is going to request that any of these funds be channelled through [international foundation] due to the vagaries and hassle of the process. We know these waters and we are way too small a business to chart them despite the sirens call of a match. We would also spend too much time on buried bureaucracy even if we won a match from [international foundation].

The drop dead date for submission of all the briefs, budgets, and the timeline with projections is 4 April.

best regards, john

Brokering: My contacts in Alagoas, Brazil, came about as a result of introductions made by Marco when we worked together in the early 1990s and these contacts permitted Ayesha and me to develop our proposal to IKF for work in Brazil. On the reciprocal side, I introduced Marco to both GHF and Amaya and he has submitted multiple proposals to and received awards from both and these awards together constituted the bulk of the funding for FDA in the 24 months under consideration. Much of the intellectual architecture for proposals developed by FDA came from Ayesha and me.

There was only one major problem in our relationship with Marco which is relayed in the following e-mail and discussions document.

**Final Discussions on Findings on Critical Points, London, England:
October 2005**

John: *I wanted to add two points to our discussions and notes on external partners. One issue that I wanted to discuss is how I felt in relation to how the first Palo Alto meeting of foundations that was called for by GHF but organized by FDA, in terms of the fact that Marco basically in the beginning tried to cut me out from the agenda even though the intellectual architecture for the meeting was based on our work. I didn't think that was appropriate at all and I thought that this was especially cheesy as [Marco's wife, who is the head of FDA] went and Marco went and Antonio [FDA employee in Brazil] went. While I respect each of these people, having three people representing the interests of FDA when FDA was at that time actually just the pass-through-mechanism and is even now just the coordinator of the network, not really executing much in-country work but back-stopping the in-country work, was a little too much. So there was this focus on what FDA was doing as an organization, which wasn't too much given they have very little field presence, instead of looking at what the individual organizations that constitute the in-country work of [our network] were doing. At the same time, Antonio delivered the presentation on behalf of the Brazil Program and I thought that wasn't appropriate either as we had a supposed network node in Brazil, it just sent the wrong message. So I found that meeting to be very inappropriately organized to reflect who we and the whole philosophy of a network that separates us from others.*

Ayesha: *Yeah, think of it John, out of all of us that were represented at the meeting, India was the only one invited back to anything of consequence.*

John: *Yes, I think that was the secondary effect of the approach FDA took.*

Ayesha: *Right*

Ayesha: *On the Palo Alto meeting, yes, I agree with you especially going back to that time in November 2004, most of the ideas that were being presented were I think were ideas that were germinated with you.*

John: *Or with 5i*

Ayesha: *Or with 5i, I mean even some of the things in China that were generated or with EMA in Brazil were generated through your mind or in our minds. What was the phrase I used in the e-mail at that point, something with representation. You remember that 'intellectual' Anyway.*

John: *"Intellectual taxation without representation"*

Even close ties can turn sour every once in awhile, but what is important is that given past trust and good communications, the relationship continues. In a limited invitation meeting with officers of major foundations, Marco - as the coordinator of the function - had suggested an invitation list and a presentation structure that included and highlighted mainly members of his institution in the United States. Absent were the representatives of the in-country nodes and the architects of our network approach. The core concept behind the idea we were presenting of a network organizational structure - governed by nodes in Brazil, China, and India - as a new way for donors to think through participating in the economic development agenda was violated in Marco's selection of the presenters and participants in the meeting.

Marco also took advantage of Ayesha and my openness in sharing and developing ideas with him by attempting to present the ideas as his and keeping me from presenting the ideas as ours during this critical meeting with potential clients. As we had an open channel of communications with Julia (GHF was funding the meeting) and Marco, we were able to cajole Marco into making small adjustments in the agenda for the first such meeting, but more importantly, educate him as to how his choices had moved us away from the development approach on which we, and the other local partners, had structured the network. We also made the point that the approach he was taking represented “intellectual taxation with representation” and proceeded with a bit of caution in openly sharing further ideas.

Arun is the president for corporate finance with The Progressive Bank (PB). Ayesha and I were introduced to Arun by Karan, the president of the Indian investment banking division of a large Netherlands-based bank (IB1). Arun was head for infrastructure lending with IB1. I was working for Eden and Ayesha for Eden-India. Ayesha had met with Karan and introduced our work on financing renewable energy opportunities and an offshore private equity facility we were designing. IB1 was a large international bank and Karan is one of the pioneers in finance in India, having been President of the India operation of the largest bank in the United States prior to starting and running IB1’s investment banking operations in India. The facility Ayesha was presenting represented a very small amount of business for IB1 but she was able to access Karan because her father had been a mentor to him when he was first starting his career, and, as Karan told us when she first met him, he held her father in very high esteem. Also, in parallel, I had spent a few days with the recently retired President of IB1 in the Netherlands to discuss our global renewable energy finance portfolio at Eden. While we were driving in the car, eating, and taking walks on the beach together between meetings with investors and various departments of the bank in the Netherlands, we had an opportunity to discuss the philosophy behind and structure for our investment work in India. He suggested that I meet with Karan, as he thought we shared common interests and an e-mail went to Karan to introduce me. When Ayesha and I went to meet Karan together he called Arun into our meeting and named him as our point person. We introduced Arun to our work

and to the venture capital group we were working with on the equity fund and they formed a partnership. We then helped them develop a proposal to IKF for funding to help with some of the structuring work on the fund and took Julia and Chi to meet with Karan and Arun in Mumbai and then at an investors meeting in Zurich.

In June 2004, IB1 and a multinational bank based in the United States, along with a group of Indian investors, including Karan, established PB. Karan recruited Arun to run the corporate finance department at PB but, of greater importance to 5i, Arun was appointed to head PB's work on rural development and creative new ventures. During his tenure at IB1 and afterwards at PB, Arun became a close friend and colleague of both Ayesha and I. On the reciprocal side, we brought Arun and PB into our work in China and in India.

Financial Resources: When PB was first formed and still in temporary offices, Ayesha, Arun, and I agreed that they would be 5i's prime banking partner. In the first six months of operation of 5i, Ayesha and I worked together with Arun to design and execute 5i's financial instruments; a guarantee supporting a revolving line of credit from PB to enable the purchase of solar lanterns by SHGs in Uttarakhand under LFH. We also designed a guarantee for a loan from PB to start our organic fruit processing venture. The importance of the commitment of Arun to work with us through the development of these two instruments cannot be over-estimated. Although these two financial instruments represent little financial risk for PB, they take time to develop. Given the small size of the transactions the return to PB would not be sufficient to support even half a day of Arun's time. Also, PB placed their name and credibility behind these transactions. 5i is a small concern in relation to PB and the work we do is both risky and at a very small volume. From a short-term commercial perspective there is no easily apparent reason why PB should even consider spending time with us. However both Karan and Arun are personally committed to rural development in India and see rural finance as a new market for PB. After spending both professional time with Ayesha and I working through our financial engineering arrangements and personal and professional time travelling to China with us and visiting our work in the Himalayas, Arun committed to donate

40 days per year of his personal time to 5i because he believed in our vision and he did this with the full support of Karan.

An excerpt from Ayesha and my discussion describe the relationship with PB

Final Discussions on Findings on Critical Points, London, England: October 2005

John: ...I don't think we've talked about our relationship with PB, which I've found to be a wonderful partnership in terms of Arun on the personal side committing to take free time of his to work with us and having that open dialogue. And for PB, a new boutique bank focusing mostly on high value larger clients, to take the risk of name of executing our first guarantee for us of GBP 5,000, that was fantastic. I mean we are a very small and new company that wouldn't even come onto their radar screen yet they went ahead, I think principally because of Arun's pushing and I think also because of through your dad's contact with Karan, you had met Karan and Arun had been kind of tapped to work with us when he was at IB1. What we were lucky on, often times you know these things can then just fizzle but we found that who was being tapped was a very smart choice by Karan because he tapped someone who had a personal interest in our work evidenced through the building of our relationship with IB1 and then when they started PB carried that interest in our work. So now we have access to and are mobilizing with senior managers at a bank who, if you just looked at the commercial side of our transaction, would never talk to us and I think you can put that down to values and vision that we share with Arun. I mean I think Arun as a person, I don't think you can put this down as Arun being ordered to do anything. Arun could do the needful and that's it. What Arun did was do way more than the needful and engage with us with his personal and professional time.

Ayesha: Yes I agree with you on PB. Two points, one is that the guarantee fees and everything all totalled on the first guarantee was 5% or so. We put Rs. 150,000 into the guarantee so 5% of that is Rs. 7,500.

John: Which wouldn't even buy a few hours of Arun's time

Ayesha: Exactly, that's my point. They put more time into putting that guarantee in place than they got money out of it.

John: Of course

Ayesha: Way more. On the other side, there were a number of ways we could have opened that original IB1 door that later took us to IB1 whether it was through your connections, your professional connections whether it was through my personal connections.

John: Both of them I think helped open the initial door

Ayesha: But I think at the end of the day Karan, Arun, PB, and IB1 choose to go ahead with us because they saw a value in what we were doing. It wasn't out of a favour to anyone.

Information Sharing: Arun's nickname from university is 'the professor' and this carried over to his time with PB as he loves to explore the theory and concepts behind ideas and then

deliver on such. He, Ayesha, and I held frequent marathon discussions over meals and drinks on rural finance in India and on the role of 5i and PB in particular. Arun served as a close advisor of 5i during our start-up phase, he constantly challenged us and then assisted us to think about where we were going and what we were doing. At the same time, Ayesha and I helped him think through PB's strategy on rural finance, introduced him to sets of international investors, and invited him to meetings and set-up the same for him with those who we believed to be creative global leaders in rural finance.

Pooja is first and foremost an organic farmer. She owns a nine hectare organic farm in the Supi Valley in Uttaranchal. Pooja was also one of the architects of and the officiating secretariat for the state nodal agency for organic farming in Uttaranchal. In addition to other activities, her agency trains farmers in Uttaranchal in organic and bio-dynamic farming techniques, arranges for certification of micro-scale organic farms, assists organic farmers in forming federations and building the capacity of these entities to provide income enhancing services to member farmers, and helps the organic farmers access markets for their certified organic produce.

We were first introduced to Pooja by Deepak. In addition, Pooja studied organic and bio-dynamic farming on Ayesha's father's farm as she was transitioning her own farm to, and helping farmers with farms adjoining hers to establish, bio-dynamic and organic practices. Pooja helped over 100 farmers in her valley transition to organic farming and form a farmers' federation to market their produce. Pooja is unique. By crafting and then managing the state nodal agency for organic farming and building an organic farmers association, she achieved incredibly difficult successes for a young (Pooja was in her mid-30s at the time of registration of 5i) woman operating in the face of cultural constraints in the male dominated culture of the rural mountains of northern Indian.

Ayesha and I first met Pooja in August 2003 in her government offices in Dehra Dun after calling her and giving a reference from Deepak. We then went with her to meet the Chief

Secretary, the highest ranking bureaucrat in state, to discuss 5i's planned work in organic agriculture and seek his guidance in our work. Following our first meeting with Pooja we began to meet her on a regular basis. Her farm and company office are both in the district in which we executed our first programs under both IKF and GHF funding. First Ayesha, and then Ayesha and I, also went to stay with her on her farm. On Ayesha's first visit to her farm she discovered that Pooja and the farmers she had helped establish organic and bio-dynamic farms were growing organic apples. We were very interested in exploring the opportunity to press organic apple juice and so began a dialogue with her on purchasing apples. This led to even more contact and the beginning of what became a friendship among the three of us. Pooja set-up meetings for us with the organic farmers she assisted and they became the central supply source for our organic fruit operations.

Financial Resources: We did not receive nor did we give any financial resources to Pooja in the start-up phase of 5i.

Trust: Pooja was initially very protective of the organic farmers in the association she helped established. There are many development agents and companies operating in this region of Uttaranchal who do not necessarily deliver on their promises; she wanted to make sure that we were serious about and committed to engaging with the farmers in a manner that would improve their livelihoods. After many lengthy conversations exploring what we were interested in doing and the philosophy behind our approach, she invited us to meet with the organic farmers. These conversations also formed the foundation for Ayesha and my friendship with Pooja.

An excerpt from discussions that took place between the time of our first meeting with Pooja and the development of our formal contracting relationship with the organic farmers she organized into an association is given below:

Strategy Retreat, Snowhill, England: May 2004

Ayesha: You know the other thing to look at, I don't know whether Pooja is ready to let this out in the open, she is still a bit protective in letting it grow and develop. Pooja of course has also put together some SHGs and a farmers' association which is organic.

John: I didn't know that.

Ayesha: Her farm, they have like 99 farmers

John: Really, why didn't you tell me this?

Ayesha: Because I was talking to her about it and I said can we work together, what can we help you with, we can help you with financing, we can help you with marketing and all that stuff. And she was very reluctant at that point.

John: Ok, lets go check what it is. What are they called?

Ayesha: SOFA, there are 99 farmers with 100 hectares. Her objective is to turn the whole thing organic, she's gotten quite far on it.

John: Wow, great...

Ayesha: If she is interested in us picking-up whatever they are growing. Why not?

John: Yeah, I think we can do more than that.

Ayesha: I am saying that may be a way of opening the door with them and saying ok if you feel right now you are not ready to bring these guys into the open. Do you want us to start with something that is relatively easy which is just picking up their produce.

John: Yeah, yeah, yeah Good, I'd like to meet with them as soon as possible and meet with Pooja.

Ayesha: Go up to her farm, its really beautiful.

John: She's growing apples, organic apples right... Why don't we think about starting our cider and apple juice business with these farmers as our suppliers?

Ayesha: Ok, we can try it

John: Why not?

Ayesha: We can try it... Yeah, so we should next time that we are there. I will, when I go to Dehra Dun, I will, of course try to meet with her. I am hoping she will be there. And look at the possibility of setting-up a time for you and I to go and possibly spend a day and a night with her. Its really nice because there is no road....

This excerpt shows our relationship in process, by July 2005 we had met many times with SOFA, formed a partnership with them, and were purchasing a few metric tons of organic apples for our organic apple juice test facility which we were operating in a village close to their valley.

Sharing Information: The government agents that Pooja coordinates and who were assisting the organic farmers in the valley where she has led the transition to organic agriculture, supplied us with data on the number of farmers, hectares under cultivation, fruit yields, and so on that allowed us to size our pilot organic apple juice facility; all of this information came to us free. We met and chatted with Pooja on a regular basis in the start-up phase and on the pure professional side she kept us updated on what was happening in the state in organic agriculture, directed us to reports and resource materials, let us know when the state was holding organic agriculture events in New Delhi and so on. We also made multiple visits to and stayed many times at her farm and spent a few late nights discussing strategic and philosophical issues over dinner and drinks. We all believe in certain common vision and value sets that underlie our practices and our outlook on economic development. We also tested our first batch of organic apple juice on her farm and her farm manager showed us land to purchase in the district for our processing facility.

Brokering: Pooja introduced us to the farmers who were to become the prime suppliers for 5i's test lab for our organic fruit processing facility. As Pooja recruited the talent in to train these farmers to go organic, provided them technical assistance in the development of their organic practices, helped them organize into a farmers' association, and set-up the marketing channel for their produce, we couldn't have come more highly recommended. Our relationship with Pooja certainly permitted us to quickly gain access to a supply chain and establish a relationship with a set of farmers that otherwise may not have been possible or would have taken months to arrange. In addition, when we were setting-up a holding company in the District to manage our food processing operations, Pooja helped us find a lawyer and accountant as well as look for land in the District.

In sum, Ayesha and my relationships with the seven individuals, introduced in the first section and discussed in detail above, represent strong ties in our network that we feel proved critical in the start-up phase of 5i. The strength of our relationships with each of these ties was built through long-term social interactions. Trust and reciprocity, rich information sharing, and

joint problem-solving defined our relationships with each. The difference between this set of strong ties and the weak ties described in the next sections and more on the content, structure, governance, and evolution of the network relationships constituted in these ties is provided in the Discussion and Findings section at the end this Chapter.

CONVERSION OF A STRONG TIE TO AN INSTITUTIONAL WEAK TIE

In 2004 Amaya shifted from managing the development of IREP to a lead position in the climate change team at FCO. This happened midway through our relationship with the London-based FCO IKF team responsible for the renewable energy unit and the IREP program within it. In parallel, the management of the IKF IREP program also shifted. First, management of ongoing IREP program contracts moved from the FCO team managing the renewable energy unit in IKF based in London to FCO's relevant local British Embassy or High Commission posts. This was the first step in a move that would eventually see the transfer of contract management responsibility in the program to non-profit institutions in the relevant countries. Second, FCO passed their entire IKF IREP commitment to a newly established non-profit in Vienna, Austria. These shifts were executed as the British government wanted to encourage other governments to participate in funding the program and thought an independently-managed operation might be more appealing. The move also removed the administrative burden of the program from the British government.

Amaya, at the strategic level, and the IKF team in London at the program level, were both interested and engaged in our work. We were given forums to explain what we were doing, both in multiple meetings and conferences in London and in New Delhi when FCO political teams travelled to India; we were featured as a case study in the IKF Annual Report; and a large photo of our project hangs on the wall in FCO. We had a committed and engaged client who understood the social entrepreneurship work we were executing and the philosophical rationale that underpinned it. They were also open to conversations when inevitable problems occurred and we developed solutions jointly. Our relationship with the IKF IREP program as a client changed dramatically with the movement of management to an independent non-

profit in Vienna and transfer of control to local hire staff in the FCO posts. Our engagement with the IKF IREP program moved from a relationship that was an enlightened partnership to one that was a constant battle for us. Our contract with IKF and the constituent functional payments and outputs remained the same, but when the underlying human relationships changed so did our business. An excerpt from Ayesha and my discussion on this matter describes a few of the events in the devolution of this relationship.

**Final Discussions on Findings on Critical Points, London, England:
October 2005**

***John:** This [our relationship with the IKF IREP program] is becoming increasingly complicated. It was much easier when the client was also a start-up with good political coverage, when they were in the engaging, listening, partnering, sharing mood [and Amaya and the political apparatus kept the operations on target]. Now that...there is a separation between the IREP program management team and the IKF team with the new IREP non-profit placed in Vienna. And yikes, its quickly evolving into its own bureaucracy without any political oversight, its becoming too complicated, regulated, and bureaucratic for the funds they have available. It is hard to run a trail blazing business when you don't have clients who are also engaged that way.... I don't think clients realize how much small firms trying to innovate that are operating minute-by-minute, day-by-day in terms of having to book the time of key personnel are sensitive to changes in relationships away from what has been agreed upon in contracts. There is no punishment, no disincentive for them if they don't perform in accordance with their contracts, to do it any differently [it's too expensive to prosecute]...I feel we in some way need to communicate how the inefficiencies in management, the delays and gaps in communications on the clients side can really impact a small business like ours, it's really tough.*

***Ayesha:** Yeah*

***John:** It's fine when they are engaged like GHF, who have met their commitments and been open and engaged with us throughout our relationship.*

***Ayesha:** Yeah, they have been, but going back to what you said earlier, one of the prime examples of what you said earlier was of course the IKF MHP contract with the whole damn Foreign Contribution Regulation Act (FCRA) issue, which is the most ridiculous thing on the face of the planet, whereby I think that hurt us not just in terms of, yes, we are a small business and this is one of our main contracts realistically, we have to shut it down until that bureaucracy gets its people up to speed and realizes that they've made a mistake.*

***John:** No that's another issue we didn't treat thoroughly*

***Ayesha:** That was huge*

***John:** That was huge. Basically there was devolution of control from of the IREP program at IKF from London to a new bureaucracy and now you've got not the most qualified people making decisions on these programs. You have these people who have no knowledge or limited knowledge of the commercial angles in the areas on which they are making decisions. They come from the non-profit sector in this case*

and make a statement about a national policy issue that they don't understand that puts our contract on hold, that's really tough for us.

Ayesha: Yeah, I think the other side of that which really hurt us is that the officer wasn't used to operating on commercial principles, as a result of which basically, you probably remember on MHP, we were at a point where we were supposed to sign a contract with the guys to go up and do the detailed project feasibility report and all that work [on a micro-hydro project]; we had to stop and say [to the tea garden] look we are sorry that we cannot go ahead with this [the project] at this point. Everything was in place, the contract [for the development of the feasibility study] was in place, and we couldn't sign at the last minute. Now take us to be a normal business operating under normal commercial principles, basically if someone did this to us we would be like 'oh my god' what kind of people are these, I don't know if I want to work with these guys in the future or not. And that really has the potential for tarnishing our reputation and to be honest to this date I don't know whether it has or not because for me it is very important to get this next project under our belt before I can go out and have legs to stand on to talk with other tea gardens.

John: Talk through the framework of the MHP example

Ayesha: What happened initially was that MHP was supposed to be, as far as I understood it because all the documentation and our experience indicated such, paying us in pounds [our other IKF contracts were all paid to us in pounds sterling through wire transfers]. When IKF [in London] was managing it, they started by paying us in pounds but then the British High Commission in India took over [our contract] and they started working on this stuff, they were the ones that signed the contract actually and then it turns out in the middle that they decide to pay us in Rupees. Now with them paying us in Rupees we were, at the time given the laws in India, required to pay service tax and we said to them either let us increase our budget to pay this service tax of 10% plus or pay us in pounds [as you've always done on the other contracts], so what do they finally do? They give us a pound sterling check, a pound sterling check which took over 30 days to clear into our account. Now we are a small business, we at that time were operating on a reimbursement basis with them so not only do we incur an expense, at the end of the month we hand in an invoice and it takes them a month and a half to figure all of this out and they hand us the check on December 23rd, I remember this very clearly, and it was something like January 23rd or 24th literally when the money actually hit our account.

Anyway, in the meantime [after some discussion of the aforementioned problem with a senior officer], they agree then to give us advances and it's time for them to give us the advance for the Jan to March quarter and then they decide that hey wait a second you guys don't have FCRA clearance whereby if somebody is making a contribution, giving you a grant, giving you free money, then you are required to be registered with the Home Ministry in India [a lengthy and laborious process that I had witnessed Eden-India engage in]. However this was not a contribution, it was very clearly written as a contract. Initially the paperwork we got from IKF, from the lady at the High Commission, said IKF grant and I spoke to her and I said we cannot accept a grant, it must be a contract and I am changing this so it's a contract. Sure, no problem. So she knows about this. Then one of her new junior staff people who had been assigned to handle this matter [who came from the non-profit sector in India] says no you need FCRA clearance, this is in January. We go back and forth and fight and we try and explain to them that this is not the case [we simply indicated the junior officer is not interpreting the law correctly]. Unfortunately for us at that time we were also travelling quite a bit. Basically what they agreed to do after going a lot of going back and forth, was that they said fine get us a letter from a senior lawyer in a nationally-recognized law firm that says FCRA is not required in your circumstance and we'll take it from there. First of all we presented an opinion from our accounting firm which they threw back at us, ok I kind of understand that.

John: *It was cheaper and we are a business and its their mix up not ours. Let's be clear, it's not our responsibility to educate their officers on the law in India.*

Ayesha: *Exactly, then we go to MML and they say they are going to charge us Rs. 35,000 to do this and that the senior partner in this law firm, Jitender, is not going to sign it. For him to sign it was going to cost us Rs. 100,000 or something ridiculous like that. Which is what finally turned me on Jitender, so there is one good thing about this MHP thing I guess. So finally we get that letter and submit it and we got our advance for the January through March quarter in the third or fourth week of March [almost at the end of the quarter]. Now what did that [the junior staff member's mis-understanding of the law] do to us? That basically put MHP on hold. We had to back away from our commitments to other commercial entities, one was a hydro developer and the other was the organic tea garden for whom they were going to be developing some of the studies [one of the initial stages requisite to complete before initiating construction on a micro-hydro project]. We had to back away from that [the micro-hydro deal]. Now that really really hurt us because we lost a construction season, we lost one entire season when we could have initiated construction of this micro-hydro project. Now to what extent does IKF actually see this, I don't know. To what extent do they realize that because of the loss of this construction season we are going to be months behind on MHP, I don't know. And to what extent are we going to be able to actually go ahead and deliver given what this has done to our reputation, I don't know.*

The shift of responsibility for the IREP program within IKF from an engaged team at FCO in London with whom we had good relations first to the High Commission and Embassy staff in the relevant local posts and then to non-profit intermediaries resulted in our gradual withdrawal from our relationship with IREP. The deterioration in our relationship was the result of a set of factors related to our human relationship with the staff that took responsibility for IREP when FCO and the High Commission in India assigned the responsibility for the IKF IREP window to a junior local hire staff member who had come from a local non-profit. As Ayesha describes above, the incompetence of this junior officer in the High Commission was damaging to us from a commercial perspective. We lost one month in work on the project when she wasn't clear on how payments should be made and then had a pounds sterling check issued instead of a pounds sterling wire and lost several months when she put forward the opinion that FCRA was applicable to us and we had to hire a lawyer who would illustrate that her opinion was not correct. Compounding the problem, the senior management authority for IREP was being transferred from FCO in London to a non-profit in Vienna that was struggling to find its direction and had no formal authority over the post. We did contact some of the senior officers in the High Commission but the transfer

of responsibility for the program to Vienna, the newness of the program at the High Commission, and their reluctance to overrule a young staff member they just hired made it particularly difficult to petition our case. We continued our work on our IREP contracts, albeit in a far less efficient manner given the contracting problems Ayesha discusses above, however given the way the human relationships in India were managed in a newly configured IREP we ultimately walked away from this once valued client. Both Ayesha and I were not willing to incur the risks to our firm and our reputation we felt dealing further with the newly configured IREP would pose. We simply couldn't afford to make commercial commitments and then not be able to meet those commitments either because those given a decision-making position: (a.) had little understanding of the sector or our work and withdrew on contractual commitments until they developed a firmer understanding of such (which we had to pay for) or (b.) were simply making procedural errors that took time to resolve.

In addition, with the operational deputy at the Vienna-based IREP Secretariat and the local High Commission staff member responsible for the program coming from the non-profit sector, we thought that the opportunity for support for a private firm executing social entrepreneurial matters would wane. Our experience with the procedural and FCRA matter, described in Ayesha's account, gave us no reason to believe that the responsible staff had an understanding of practices in the commercial sector. In the next IREP competition round, our fears were confirmed with the majority of the awards for IREP work in India going to non-profits and, worse yet, the non-profit where the junior staff member at the High Commission had worked prior to joining received two awards in the round. The management of the IREP program in India was later devolved to that same non-profit. Our fears had been confirmed.

DEFINING OUR WEAK TIES

There are certainly lots of examples of relationships Ayesha and I had in our network in the start-up phase of 5i that we count as weak ties. There are hundreds of people who we knew during this period on a first name basis, but with whom contact was only rekindled when we, or they, required services or other resources or when we met at events or through

happenstance. These included our relationships with service suppliers such as our bankers, travel agents, accountants and bookkeepers, and lawyers. Those working in or directly supporting rural, micro-scale renewable energy and organic agriculture operations in Brazil, China, and India are a fairly small community. Given that when we started 5i I had thirteen years of experience in these sub-sectors and Ayesha had three of intense experience in renewables and had been in the organic farming community for most of her adult life in India, we had a fairly good network of programmatic weak ties that could be rekindled when necessary and we often ran into colleagues at IREP or other industry events. However, only two distinct sets of weak ties were discussed in-depth in Ayesha and my ethnographic accounts of our start-up phase. Service providers, many of whom were known to and recommended by Ayesha's family, constitute the first set. Although previous personal contacts with service providers made the securing of these services somewhat expedient for our new venture given Ayesha's familiarity with the owners/partners in the firms, many of these relationships unwound, and in the case of our law and accounting firm, the relationship quickly devolved into one of mistrust and professional corruption on their part. A second set of Ayesha and my ties with professionals in positions directly related to our programmatic work were critical in quickly forming teams to gather data and write proposals and then in the execution of work on the proposals we won. We classify this group of ties as programmatic weak ties. Once the work was complete, most of these weak ties simply went into dormancy, although a few converted into strong ties and one in particular devolved into a crisis for us.

Ayesha and I perceived relationships with seven weak ties to be critical in our start-up phase. Four programmatic weak ties we interpreted as critical were introduced in the compilations - Rahul, Roberto, Yi, and SEI - and these relationships are further explored in this section. A final programmatic weak tie with Deepak that we also believed to be critical, is treated in the next section on weak ties going bad. Our discussion on our relationship with Jitender and Mustkin and their respective accounting firm and law firm, two of the service providers who we believed to have a critical impact on our firm, is also presented in this next section.

Programmatic Weak Ties: Rahul was the Executive Director of JP. Rahul's wife was a friend of Ayesha's. Ayesha first accessed Rahul by contacting his wife when she was at Eden - India although they did not work together at this time. Rahul was critical in providing JP as the local institutional partner in and the local context information necessary for the preparation of 5i's first proposal to IKF early in 2003. After 5i won the award late in 2003, Rahul appointed an employee at JP to manage the project with 5i but helped guide and marshal JP's resources in the project. Without Rahul's continual oversight on the project, it would have been difficult for 5i to manage the relationship with JP and certainly 5i would not have been able to link JP as a partner and receive information from Rahul so quickly without Ayesha's tie to his wife. Midway through the project with JP, Rahul resigned from his position and ties with him were not kept active. The project continued to operate smoothly as Rahul had work very closely with his Board on the selection of his successor and he introduced him to us and participated in multiple informal discussions with us to make sure a smooth transition occurred.

Strategy Retreat, Snowhill, England: May 2004

Ayesha: JP, that was on the personal side. But still JP was a good partner with us. They certainly did have their weaknesses but I think that on the whole they were an ok partner in working through some of the stuff on our IKF project in Uttaranchal.

John: JP, I think they've been a reasonable partner, but Rahul has been very good

Ayesha: Rahul has been excellent. [JP Board Member] has been really good...

Ayesha: I think Rahul is a great resource person and we are already asking for his help with other partners.

John: Well, talk a little bit more about how personal was empowering. I think your connection with Rahul helped us in both identifying and then working with JP. I think also in developing the proposal and winning the contract that relationship with Rahul helped both in terms of the local context data you were able to quickly source from them as well as being able to declare a local partner and in managing JP.

Ayesha: Yes, I mean we could not have developed work as quickly in Uttaranchal without Rahul and JP as a partner.

John: You brought us into Uttaranchal because you knew Rahul. We talk a lot about how personal networks and relationships, especially with Jitender, and being embedded in the family have created some problems for us because they pull and tug, but some have been vital to us like Rahul...

Ayesha and my connections at SEI, the solar joint venture partnership in India of a British oil company, facilitated the preparation of our proposals in support of the execution of work under our first contract with IKF. Ayesha and my relationship with SEI was established in our experience working with the president of the firm while we were executing an initiative to integrate lending for solar energy into bank programs in southern India with Eden and Eden-India in 2001 and 2002. I had also met the vice president for rural development of the British oil company who had oversight responsibility for the firm's investment in SEI, she and I both served IREP advisory councils, shared a common interest in Brazil, and spent time together talking at IREP meetings and associated dinners late in 2002 and in 2003. Ayesha and I put these contacts to use to secure SEI as a partner in our first IKF proposal and, after receiving the award from IKF, in the execution of the project. SEI supplied the solar lanterns and technical training to the project. It would have been difficult for Ayesha and me to quickly secure SEI as a partner without having these contacts and for us to win the first IKF award without having them on our team as we had little solar lantern-specific technical knowledge. Also, SEI was the market leader in India in supplying solar lanterns. Unfortunately, there are many dubious manufacturers of solar lanterns in India and so securing the commitment of SEI in our project was essential in order to signal to both our potential clients and local partners that the proposed project would utilize the best equipment available in the market.

Roberto is one of the Directors in EMA, the Brazilian non-profit we teamed with in 5i's second proposal to IKF in support of a program to work with SHGs in Brazil. I knew Roberto both from spending six months of my field research for my Masters degree in 1996 and 1997 studying the incentive structures in the foundation where he was previously employed and later through spending time together in USAID/Brazil strategy retreats, as we both were participating in the management of USAID/Brazil programs from 1998 to 2000. Without my contact and casual relationship with Roberto, it is not likely that 5i would have contemplated working in Brazil. My relationship with Roberto permitted us to quickly and cheaply craft a proposal to IKF, in partnership with EMA, to support work together in the state of Alagoas, where EMA is based in Brazil, which played to the relative strengths of our respective

institutions. The close relationship with Roberto made it easy for us to quickly link a local partner into our proposal, to gather the information necessary, and then to execute the work together once the proposal was awarded. In much the same way as with Rahul, after 5i won the award, Roberto appointed a trusted employee at EMA to manage the project with 5i and helped guide and marshal EMA's resources in the project. Without Roberto's commitment to the project, it would have been difficult for 5i to manage the relationship with EMA.

Ayesha and I first met Yi on an intense mission that we conducted to identify project opportunities in the Guangxi Autonomous Region in China. We then spent time working together in Beijing in developing multiple configurations of a business plan for a for-profit spin-off for IfE. We also began to travel together to Yunnan and to look at opportunities in other regions and provinces in China. We shared lots of personal time visiting tourist sites and exploring restaurants together as well as professional time working on identifying and then scripting briefs on financial structures for ventures. We helped him think through, identify clients, and develop proposals for the programmatic approach IfE was crafting for their finance capacity building and business incubation work. Yi also served as our informal translator as Ayesha and I did not speak Mandarin, further adding to our close contact with Yi. We developed a tight trust in his professional competency and enjoyed our personal interactions in this newly emerging friendship. Without our relationship with Yi, and Wu, his Executive Director, it is unlikely that we would have engaged so deeply in work in China. The initial introductions in China came from Chi and were supported by GHF, however the opening of the prospects for later work on business in China came about as our relationship strengthened on the programmatic side with Yi, under the careful guidance of Wu.

This section illustrates how weak ties provided 5i with efficient access to information, programmatic partnerships, and management of programmatic relationships in markets which we would not have even been able to consider, much less compete in, without such ties. As Ayesha and I have a significant experience base in our programmatic area of focus, we were usually able to quickly assess the relative value of each of these potential relationships. As

we knew the cognitive dimensions of the work together, we were also able to monitor performance in our relationship, detect changes, and make adjustments. Such understanding would also have perhaps permitted us to exit the relationship before damage could be done to our business. However each of these relationships turned out to be virtuous spirals, in which we developed competency trust through successful practice of our work together. In addition, we reaffirmed that we held a set of shared common programmatic values, and this added an element of relational trust. Given more time together, it is likely that our times with Roberto, Yi, and Rahul would have turned into strong ties in much the same way as our relationships with Pooja and Arun. The weak ties in the next section illustrate the potential negative side to the ‘arms length relationship’ constituted in weak ties.

When Weak Ties Go Bad: One of the downsides of relying on personal networks is that when relationships established through such networks turn bad, the ‘fallout’ can be complicated to manage. Relationships with three of our ties - brokered through personal networks - decayed during our start-up phase. Ayesha and I both defined our decaying relationships with these ties as critical challenges for us. Two of the weak ties with whom we were caught in a spiral of decaying trust were service providers and the third was a programmatic ‘partner’ in the organic tea sector.

When we first started 5i, Ayesha and I knew little about the regulatory processes that a small business must engage in to be registered and what must be done to meet government requirements for initial equity capital injections and tax and accounting standards. Therefore, we thought it prudent to hire a law firm to assist us with registration and other matters in regards to establishing our firm and an accounting firm to advise us on operational compliance matters and to prepare and audit our accounts in the manner required by the government.

Ayesha and I were naive information seekers in the area of law and accounting. Asking us to be able to accurately assess the potential quality of such firms would have been like asking

someone who has sipped cider a few times to judge a cider-making competition. As we were not knowledgeable in these areas, we did not even know who the experts were in these fields. We were left to execute what due diligence we could and to glean the credibility of prospective firms from social cues. Ayesha's father and brother-in-law suggested we look closely at Jitender Marga, and his firm, Marga & Marga Law (MML). We carefully reviewed MML and a set of other law firms. The final selection process in regards to law firms is detailed in the first compilation presented in this Chapter. We were less careful in our selection of accounting firms, although we reviewed a number of firms; we selected Marga & Marga Chartered Accounting (MMCA) the accounting firm run by Mustkin Marga, Jitender's brother.

MML and MMCA were both registered, well-known established practices in their respective fields and in 2003 5i secured their services through contracts. We knew very little about the government registration and compliance issues these firms were going to be handling for us and were initially excited that we had located a set of, what we perceived to be at the time, professional guides who we had contracted to help us chart this unknown territory. We believed the associated conveyance of integrity that came about from the references given by Ayesha's father and brother-in-law, the professional qualifications we were sent by both Jitender and Mustkin, and our contracts meant we could count on the delivery of the professional services we required from these two individuals and their respective firms. Unfortunately, both our accounting and law firm were grossly negligent in delivering many of the services agreed upon in the contracts we wrote with them in regards to the registration and compliance matters where both Ayesha and I had no professional competencies. These two weak ties failed to provide us with the services they were contracted to provide and repeatedly lied to and attempted to cheat us. We will never really know why our accounting and law firm did not provide us with professional services, but our interactions with these two firms and their negligence and unethical practices in regards to handling the matters they were contracted to provide were critical and devastating for our nascent firm. Given the 'arms length' nature of the weak ties we had with Jitender and Mustkin and MML and MMCA,

combined with our lack of understanding of this arena, it was difficult for us to immediately detect and then address the problems created. It was also difficult for me to convince Ayesha of the damage the incompetence was reeking, particularly on the part of Jitender and his firm as she actively and particularly defended Jitender most of the way through our start-up phase. Once we agreed on the incompetence we had little recourse as executing litigation options in regards to contracts with a law and accounting firm who we had witnessed executing both morally and professionally corrupt practices could have placed us in a perilous position as a small business, or at the very least taken away precious little time and resources we had during this phase. Our work in our ethnographic accounts and with grounded theory methods illustrate that Ayesha and I believe our relationships with Jitender and Mustkin, and their respective firms, presented critical challenges to us in the start-up phase.

The programmatic network relationship with Deepak was a critical weak tie for us. Although Ayesha and I became familiar with the organic tea community in which Deepak operated by the end of the start-up phase, it was initially a new sector for us. We knew very little about the tea garden side of the new business we were going into, our expertise was on the micro-hydro finance side of the transactions. However, through Ayesha's father, a personal reference we trusted, and our own research, we believed we had found a partner in Deepak. We thought that the associated conveyance of integrity by the reference, the apparent professionally managed viable business he was operating (he was selling his organic tea into both Harrods and Fortnum and Masons), and our multiple meetings with him were opening the space for a relationship with a solid programmatic partner. Only in the midst of the relationship, when Deepak began to turn on us, did I learn, by chance, of his less than stellar reputation from the head of a socially responsible global investment banking operation who I was introduced to by Amaya and who had studied, and was writing a book on, Darjeeling. The critical challenges presented in our relationship with Deepak are treated in the excerpts from Ayesha and my discussions from our ethnographic accounts presented in this section.

Weak ties can be dangerous for nascent firms. On the positive side they can expedite processes and associated efficiencies can be captured, as was illustrated in the previous section when our work with a set of weak programmatic ties greatly facilitated our entrance into new markets. However on the negative side, when weak ties are developed with partners in areas that are not well known to the entrepreneur, the entrepreneur is restricted in the due diligence that can be exercised as, by definition, their understanding of the field is limited. Therefore the entrepreneur relies on whatever limited due diligence can be exercised and searches for clues to competencies in relationships in their social and professional networks. Reference from trusted social or professional relations can be critical in areas where the entrepreneur has little or no information or experience and can be of great benefit when entering new fields or seeking advice. These references can reduce the costs and time of accumulating the experience, knowledge, and know-how necessary to make judgements. If a trusted broker - that is a deep, trusted tie for an entrepreneur - references a set of individuals in fields not well known by the entrepreneur then it is logical that the entrepreneur will, after completing whatever due diligence is possible within the aforementioned constraints, accept the recommendation, believing the broker will only reference reputable, trustworthy individuals. It can be devastating however when a deeply trusted broker recommends individuals in fields where the entrepreneur knows little and the entrepreneur develops a relationship with these individuals and then these ties behave in a corrupt and negligent manner. The unknown nature of the field in which the damage, as a result of the corruption and negligence, is occurring makes it less likely that an entrepreneur can accurately assess the damage caused. Again, given the fact that the entrepreneur does not know the field well, it is also difficult to quickly locate a replacement contractor or partner. Finally, when trust in a broker close to the entrepreneur has been broken this may initially be difficult to acknowledge and makes dealing with the mistake in a timely manner more difficult. Disconfirmation of expectations is unsettling because it can raise questions about the perceptual capacity of a deeply trusted broker and well as that of the trusting person. Ayesha and my experience with the three weak ties discussed in this section - each referenced to us by a deeply trusted individual - illustrate the havoc that such can wreak on a firm if these brokered ties turn bad.

The critical challenges presented in our relationships with Deepak, Jitender, and Mustkin are discussed in detail below.

Deepak is the owner and president of a holding company that manages a number of organic tea operations in the Darjeeling District of West Bengal. Ayesha and I first thought of the idea of working in the organic tea sector when we were discussing target opportunities for our firm in working in the organic agriculture processing operations in India. We thought organic tea from the Darjeeling District might have a strong and growing export market and tea gardens in Darjeeling offered the potential for engagement of micro-hydro generation units given the regions' terrain and climatic conditions. We collected information on the micro-hydro potential in the region and identified organic tea gardens in Darjeeling that were selling in upmarket specialty tea outlets in London and New Delhi. When Ayesha was discussing the idea with her father one day, he said he knew Deepak, the owner of some organic tea gardens in Darjeeling, and suggested that she contact him. Ayesha made contact with Deepak, using her father as a reference. As such, Ayesha's father served as a trusted broker in creating this tie for us. Deepak arranged for Ayesha and me to visit his principal organic tea garden and organized a meeting of organic tea garden managers at the Darjeeling Planters Association for us. We went to the meeting, met the garden managers, and later developed a relationship with the managers and owners of two other groups of organic tea gardens.

Following the meeting Deepak had organized at the Planters Association, and under our initial funding from GHF, we decided to test the market and our concept and approach by working with one organic tea garden on a pilot project. Ayesha and I visited many of the other organic tea gardens in Darjeeling and developed a list of the micro-hydro opportunities we encountered. After analyzing the opportunities, one of Deepak's gardens looked to be the best option for the pilot and so we approached a number of micro-hydro firms to do the technical feasibility study on the project. As the pilot project would serve as our model on which we would then share our experiences with the intent of decreasing the costs for other

garden owners in developing similar projects, we arranged with Deepak to share the costs in the development of the feasibility study and Ayesha agreed to develop the financial model for the pilot project. The feasibility and financial model revealed that the project made good sense for Deepak and he decided to contract the micro-hydro company that had done the feasibility study to develop the project.

In the first few months of 2004 Ayesha and I also submitted a bid to IKF in support of our work to introduce micro-hydro systems on other organic tea gardens in the Darjeeling. Our understanding of the organic tea operations in Darjeeling was critical in assisting us in putting this proposal together and was built principally as a result of our relationship with Deepak. The meeting he organized at the Planters Association and our subsequent visits to other tea gardens allowed us to articulate the potential market for micro-hydro generation on tea gardens in the region and our experience in the pilot project allowed us to see the technical and financial aspects in developing further projects.

Ayesha and I were also interested in looking into the potential revenues that could be derived from selling verifiable emissions reduction units (VERs) from the micro-hydro projects in Darjeeling and so we offered to assess the potential VERs from pilot project Deepak was building and sell these units to generate further revenue for the project. Deepak said he was very interested in the extra source of revenue the VERs offered and so we hired a consultant and worked together with the consultant to develop the documentation for the sale. A few technical and labour problems plagued the construction of the pilot project, but Deepak and the micro-hydro firm resolved them and the project began to take shape. As our pilot project was in the final phases, and after all the work on the documentation necessary for the sale of the VERs was complete, Deepak stopped taking e-mails and phone calls from us and for the rest of the start-up phase of 5i, we never heard from him again. This was a particularly devastating experience for us as this was our pilot project in this sector and we had spent lots of time and funds identifying it and developing the mechanisms and relationships that were permitting it to go forward. As the pilot, we wanted to share this experience with our clients

but could not since Deepak had just closed down any contact with us. We also wanted to discuss the experience with Deepak so that we could develop a more efficient practice but again his closing down of communications with us made this impossible. Excerpts from my journal relate the experience:

John's Journal: Pages 96 to 97

Will Deepak send us an e-mail back to the one Ayesha sent him yesterday? This is our last chance. He supposedly leaves for the US in a day or so. If there is an e-mail message, we can buy a plane ticket early tomorrow morning to Calcutta to be there for a meeting to try and understand what is going on. I don't think either Ayesha or I understand what is going on. I really don't understand why all of a sudden our first micro-hydro deal on an organic tea garden, our deal that in some way defines who we are in our organic processing work. That deal is ultimately breaking down. This week we are interviewing candidates for new positions, we have money in our account and a commitment on a number of new contracts, we've just built a business in less than 6 months from a GBP 55,000 to a couple of hundred thousand pounds in contracts...So much work and now somebody supposedly told somebody else something and it is apparently destroying this first deal. According to [the hydro developer working this project in partnership with us], Ayesha's father told someone something about us financing the deal we have with Deepak and it got back to Deepak and as we are not financing the deal it apparently upset him and now he won't talk to us? We are not financing the deal? Ayesha's tried so many times to call Deepak. She has built a close relationship with him over the course of the project, it is her father who introduced us to him. He visited her parent's farm. The project was working so well, we developed the business plan and financials and supported the consulting engineering firm to do the initial work on the project. We just offered to buy the VERs, everything was working neatly, as it should. Well not entirely neatly but neat enough for our first venture. What is happening? Why is Deepak refusing to talk to us? We are offering him a good deal on the VERs? This project is important to us too because it's our model. This is so strange. Everything is in alignment on this project then this 'he said, he said' stuff begins. All it takes is a signature on an agreement and we and he both walk away with a deal on the VERs. One signature and it's done. Logging onto e-mail. Let's see. So much of our lives unfolds with this simple sound of logging into e-mail: submission of proposals; decisions on proposals from clients, conversations on our firm on our projects; everything done on e-mail. Two messages, none from Deepak....I am mad, whispers apparently killed this deal. [The hydro developer] told us that Deepak is angry because Ayesha's dad had said to someone we were financing this project when we weren't and word got back to him and now he's mad. What did Ayesha's dad say?

Strategy Retreat, Tokyo, Japan: December 2004

John: Conceptually, that's what [the hydro developer] tells us and he was in the middle of it

Ayesha: Yeah, no, I don't think [the hydro developer] is bull shitting us on that because I don't think he even knew about the connection with my dad but I don't fully trust [the hydro developer]. I don't know what happened and I am not going to go on hear say. Something did go wrong.

John: But when [the hydro developer] tells us something he would have no other way of knowing except for from this context it is very strange and at the same time Deepak just cuts off communications, something went wrong.

Ayesha: Yeah Deepak was also unfortunate enough to have two of his factories, factories that he just bought that were not in good shape, burn down ok.

John: Wait that he Deepak is sleazy we both agree. I am not saying he isn't sleazy

Ayesha: I am not willing to blindly accept that there was a fuck-up because of the personal connection.

John: No, no but it's the personal connection certainly being put into play...

Our relationship with Deepak was critical in providing us with the contacts necessary to assess the organic tea sector quickly and build our understanding of the sector and the opportunity for micro-hydro transactions on organic tea gardens. These relationships helped us in our development of our second proposal to GHF and provided the background necessary for our micro-hydro program proposal to IKF. Luckily, by the time that we won the award from IKF, we had developed a close working relationship with the owner of a competing holding company who managed another set of organic tea gardens in Darjeeling and was interested in working with us to convert his processing from diesel generation to micro-hydro power. Deepak is an interesting case, a weak tie that came to us from a trusted broker (Ayesha's father) without whom it would have been difficult for 5i to assess the sector, but who turned on us and killed our involvement in our own first transaction. However, the contacts he opened up for us provided the basis for a new program with his competitors.

Jitender is the Managing Partner of MML, the law firm we selected first to register EVG-SA and then, when Kate and Scott withdrew, to register 5i. Jitender lives a few houses from Ayesha's parents in New Delhi and she knew him, but not well. Jitender was recommended to Ayesha as a lawyer for us by her father and brother-in-law (for whom he had done some work). As such, Ayesha's father and brother-in-law served as trusted brokers in creating this tie for us. Ayesha was very clear and open about her family's connections to Jitender from the start of our engagement with him to service EVG-SA's registration requirements. Kate, Scott, Ayesha, and I all selected his firm to service the registration needs based on the credentials MML's presented to us, Ayesha's strong recommendation, and an interview I had with a young staff member in Jitender's firm who was attending the University of Warwick.

However the relationship between Jitender, and his firm, proved to be a weak link that turned bad for 5i. An account of the quick spiral of negligence and incompetence that led us to break this link is provided in the excerpts from journal articles and Ayesha and my discussions on the matter below.

Unfortunately, even though 5i exited the relationship with Jitender before it proved too damaging, we had contracted his brother, **Mustkin**, and MMCA, his accounting firm, to be our external accountant and auditors as well as to manage our bookkeeping operation. We were caught in a very difficult position as that relationship also turned very negative as a result of the firm's negligence and incompetence. The relationship with Mustkin and MMCA in general was far more damaging and serves to illustrate a more systemic problem we faced with professional corruption in the firms managed by these two brothers. In fact, one of the errors committed by Jitender's firm plagued us throughout the start-up phase as his brother's accounting firm further mismanaged the same matter. This error is in regards to my shareholding and is discussed, along with other errors, in excerpts from Ayesha and my journals below.

Ayesha's Journal I: Page 6

The third law firm was one that I knew personally – at least I knew Jitender on a personal level. He was a friend of my family's. I strongly recommended this firm as I believed that the personal connection with Jitender would assure us good service. Also, I would have trusted this firm above others if I personally needed legal representation. Further, this was a well known Indian legal firm and had the best looking qualifications for the energy sector.

Open Discussions on Critical Points - Set II: September, 2004

John: ...I see the time when Jitender was coming to London in 2003 and was possibly going to meet us and then cancelled and we got in such a heated debate on the drive from school to Chipping Campden as being a key pivotal event.

Ayesha: Ok, why?

John: It was the first time that I felt that that there was a really heavy cross between family, and professional, and neighbour and choices and all that getting mixed-up. Why? This guy was not acting as a professional service provider in regards to the potential meeting in London. He wouldn't specify - maybe coming, maybe not - nothing on scheduling was communicated to us formally. None of that was treated as "hey I have a chance to build a valuable relationship with a new client. All of that was handled as if it were just", "oh there's this girl down the street starting a new company"....to me it basically betrayed an underlying theme that there would be the

possibility of instances moving forward in the future whereby this relationship wasn't going to be professional but managed with other elements besides professional. Now there was a professional side to it, I am not saying that the decision to go with one law firm over the other did not have a professional element, but within the relationship it became evident that there was going to be a non-professional part...

I think that Jitender had no understanding of what we were as a client, I believe Jitender simply saw you as somebody down the street, and he didn't take any time to understand who we were or what we were about. For all he knew Kate could have been a trustee for a major foundation. How did he know? He had no clue, he didn't ask or talk with us in-depth about who were and what we were doing. Scott could have been the retired Chief of Staff for the United States Army [EVG's main client]. He had no context for or understanding of whom the partners were and he didn't even think to ask. He never asked to meet any of us. He saw somebody coming in who he was familiar with in a personal context and he just threw that personal context onto the relationship and I don't think he in any way treated us professionally. If I was opening a professional relationship with a firm, I would expect that they would court us as MR [a lawyer in Washington Kate and I had worked with in the past] did. He at least courts you, he takes you to breakfast and you talk. I am not after the courting, but I think the courting ritual shows a devotion of resources to understanding clients. If nothing more, Jitender could have come back after talking to us and said hey...you're operating in an area we don't know much about but given his approach, he just didn't take the time to get to know anything about us as a professional firm - and certainly nothing about any potential investors we had or Kate or Scott or I - and that's the issue. If he had taken the time to get to know us, if he listened to us and then made a rational judgment, more power to him. I don't think he did, he couldn't have. He had no clue who Kate, Scott, and I were; he had no context for any of us. In the way you are interpreting this event you're saying he may have made the decision that we were too small a firm with too small a business but he actually had no idea, he didn't know how big or small we were, for all he knew we had GE Capital behind us with US\$50 million of capital to come in. He just didn't know, he had no understanding of the professional context of who we were as potential clients. Without an understanding, how did he make a judgment to take us on as clients? My guess is that he said "here is someone from down the street that's stating a business." When people make judgments without an understanding, even if it breaks initially in our favour, that's not the type of person we want.

Ayesha: *Most certainly. That was a major, major bump.*

John: *I don't think it was a major bump for you as much as it was for me. It may have been a major bump for you, it was a major eye opener to me. It opened my eyes to say "watch-out" there are a lot of people making judgments on things without thinking and they evidently think they have some basis for making judgments. What is that basis for making those judgments? And that came to me that it is political. I don't use political meaning BJP or Congress, I use that meaning person political. I've got to try to look at how Jitender constructs the world, which I admit I have no idea of how, but what do I know that Jitender knows of us, who we are, and where we sit as a firm? He knows [Ayesha's brother-in-law who owns a small business], he knows your parents, he knows you a bit. He's got to have constructed an opinion of who we are and what is acceptable to do to us around this framework and make judgments about us under it. He simply knew nothing else about us. That worried me.*

On paper Jitender's firm looked fine. On paper they looked like a small law firm that was niche focused in exactly the area that we needed. They were the only qualified firm on your list of three. [Another law firm] had good venture capital experience but they didn't have any power sector or finance experience. MML looked like they were a small firm with two professional guys on their roster who knew power sector: this guy that was their head of the power sector practice and Jitender and then also

underneath they looked like they had a whole set of lower level lawyers who we could get on the cheap. That's what I saw. I saw a small practice that was focused on power, that was focused on the world we were going into, and would be interesting within that. They sent us a full set of quals on their power sector work and they looked good.

You can't say I am offering you this opinion of mine in hindsight, it's not me looking back in hindsight and saying wow given what we know now we made a mistake. You can attest to the fact that it boiled my blood and I yelled and screamed about what I was perceiving as non-professional behaviour by Jitender, without knowing any of what we have come to know down the line to be true, but at this first point in London I just got a really bad feeling. I got a bad feeling that we are dealing with someone who is not really a professional...What is this relationship going to hold and so the tiny mess with the potential meeting in London opened my mind to this dynamic.

Ayesha: In hindsight everything that we have gone through over the last couple of months - even if things were the way they were and it ended up at the end of the day that we were fine that we legally well taken care of and we got everything done and it dragged and dragged and dragged but it got done - even that, ok would, based on everything that happened, be an acceptable outcome. But even that, even what they were paid to do

John: They couldn't do. They weren't professional.

Ayesha: I don't know about could not, but did not.

John: Did not, right. Yes, did not do. They did not deliver, they lied - from my point of view, I know you have a different construction on that.

Ayesha: No, remember there was someone in their firm who lied to me who was supposed to be managing our account.

John: Jitender lied about paying off the government to get our name, he told us we had to pay a fee not a bribe. But there was the initial chugga, chugga, chugga, that opened the eyes from my point of view; there was the non-performance and your total battle with them all the time on getting little stuff done; the payment of the bribe without telling us; then there was the bill of US\$16,000 on a US\$3,750 contract; and then we end up finding out months down the line that they screwed-up royally (Ayesha - Yeah) at a fundamental level as our advisors in guiding us on the share capital issues. It just turned out to be they weren't qualified to handle the work or they didn't use those qualifications to do so.

Ayesha: Or they were negligent, grossly negligent

John: Or negligent, but that's my construction and I've talked a lot. How do you feel about that event, taking those things.

Ayesha: I basically feel that at the end of the day that they were grossly negligent.

John: No but at the beginning how did you feel? How did you feel when you first opened the relationship? You were excited?

Ayesha: I was excited, I thought that we had someone one our team who cared about us, who cared about what we needed, and was going to help us through this, guide us through this.

Ayesha's Journal I: Page 9

In retrospect, this law firm was the wrong one for us for a number of reasons. I feel that not only were we not treated the way they would have treated other larger clients but more importantly, I think it began with the first time when we were going to file our name application. I called the lawyer I was working with and he told me that our application had been submitted. He called a day later saying that we would need to change a clause on the first page. I was angry with him for not figuring that out before I signed the form (on the second page) and filed it. He said he would resubmit it and would not need me to sign it again, as the first page did not have my signature. I asked him if he would be able to get the previous form back from the Registrar of Companies (ROC) and he said there had been a 'miscommunications' and that the form had not been filed yet! Basically he had lied to me the last time around when he had told me it had been filed. That really pissed me off. Here was someone I was trusting as a guide through a legal process that I had limited knowledge of and he was lying to me. Forget the fact that we were paying him for this work... Unfortunately that was just the start of the problems with this law firm. I later found out that it was standard for the ROC to reject name applications from smaller companies that included terms like "South Asia", "Global", "India", etc. Our lawyers should have known this and advised us of this and thus saved us time and our first rejection letter [filed for our name]. I felt that instead of trying to take the time to understand us and what we needed/wanted and accordingly expending the energy to create solutions for us, they were simply pointing us to existing systems, to templates, and that to not very good ones. My problem was that I was entirely dependent upon them for advice – I had never done this before, and at the time I certainly did not have the time to research options on my own. Besides – it's not what I was supposed to be doing – that was their job!

But more importantly I felt I could not really trust our lawyers. I feel I needed to get things in writing via e-mail from them. Further, I felt I needed to micro-manage them. And that took away from the time I had for other program and company-related issues.

The worst though was when they sent us an invoice for over \$16,000 against our contract of \$3,750. The junior lawyer [who sent it] said they had gone over budget on the work and asked us to pay what we thought was "reasonable". This was just purely sleazy. Our contract was a fixed-price contract, and it clearly stated that they must clear anything above the amount in the contract before incurring the expense... Our experience with the law firm was terrible.

As discussed, 5i had contracted Mustkin, Jitender's brother, and his accounting firm, MMCA, to be our external accountant and auditors as well as manage our bookkeeping operation. In the events that are detailed in compilation of the following excerpts from Ayesha and my journals, our discussions and my collage of field notes presented below, the advice offered by both MMCA and MML nearly destroyed our firm.

Background Memorandum Three: Assembled January 2005

On December 6th 2003, Ayesha deposited Rs. 100,000 into our corporate account with ABN which represented her contribution to our initial paid-up share capital. On January 10th 2004, I deposited Rs. 100,000 in cash into our corporate account which represented my contribution to our initial paid-up share capital. MMCA prepared and issued share certificates to both of us following our Board meeting in late

January. On July 9, 2004 while visiting the office of MMCA our program associate was told that the initial share capital I deposited and the ensuing issuance of shares was not legal. Our program associate called us and we asked him to immediately leave the office of MMCA and we set-up a conference call with Mustkin. In the conference call Mustkin explained that in accordance with the Foreign Exchange Management Act, 1999 share capital from foreign shareholders must be deposited using “proper banking channels” and depositing cash was not considered proper banking channels. I had to wire the funds from a foreign bank account instead of bringing in cash to purchase the shares.

John's Journal: Page 101

How am I loosing hold of my company? Our Program Associate called us this morning saying that Mustkin's audit company was saying that I had not followed official procedures in terms of bringing capital into India for my initial shares in 5i. We immediately arranged a call with Mustkin and he explained his perception of the situation. What I had done in terms of taking my reimbursement for expenses and turning it around and depositing it in 5i's bank account to purchase my shares was not legal? They are saying I must now make a wire transfer from my bank in the US to 5i's bank in Delhi to purchase my shares? The funds must move through appropriate banking channels? Apparently foreign nationals that purchase shares in Indian companies must do so through such channels? Essentially they are telling me that the purchase of my initial shares was illegal? Now if I had known at the time that depositing cash was not the appropriate way of going about purchasing my shares I could have simply wired funds from my account in the US to purchase shares in India...Jitender's law firm knew I was a US citizen purchasing shares and yet they never advised us? [one of the lawyers on our account] at Jitender's law firm says that we asked him and he did tell us but there is no e-mail record of that ever happening?...He said he told Ayesha? Ayesha said she has no recollection of being told. They can't produce an e-mail showing that they advised Ayesha of such and by this time Ayesha was very diligent on getting e-mail clarification from Jitender's firm, they had screwed-up so many times. This is not a minor problem, essentially the manner in which 5i was constructed in terms of the formal provision of equity for my initial paid-up capital was not done through appropriate channels and therefore may not be legal. Two shareholders must start a firm and if my participation is in question this causes a problem at the firm level. This really threw me off [today]. I had worked so hard and made serious sacrifices, sacrifices of time with my family, sacrifices monetarily in terms of not taking a salary, plus the lost opportunity costs are huge....for what? I don't have a company? It just threw me. I spent the day in our meetings lost. I was just really removed from being able to articulate opinions throughout the day. I had just found out that because of a lack of advice from Jitender's firm my shares, my risk capital, my way of entering legally into the company we had just built had just been placed in jeopardy.

Background Memorandum Three (continued)

Not only was there the issue of negligence on the part of both MMCA and MML who was responsible for the incorporation of our firm in not providing us advice on the capital subscription, more importantly, we no longer had a company. The Companies Act (1956) requires at least two shareholders to start the firm, as my share capital was not deposited by proper banking channels, 5i only had one shareholder. In addition, as we were to discover in a set of e-mail correspondence and telephone conversations with MMCA over the next few weeks, as per Schedule 1 (Foreign Direct Investment Scheme) to the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000, the Indian Company issuing shares in accordance with these Regulations (under Automatic Route) to a non resident, shall submit a Foreign Inward Remittance Certificate (FIRC) in the prescribed Format to the Reserve Bank of India (RBI) within 30 days of receipt of the consideration.

MMCA or their sister law firm did not advise us on any of these matters until 29 July, long after the initial share capital had been received, they had issued share certificates for us, and the firm had been in business for over nine months.

We now had a serious problem. Given this grievous error brought about by lack of advice we were supposedly paying for we were forced to completely restructure the history of our firm. First, the funds that I deposited into the account in cash were now recorded in the firm's Board meeting minutes as share application funds from the firm's program associate. Second, the firm's Board meeting minutes had to be adjusted to reflect numerous artificial pleas from me indicating that I was not able to transfer the funds required of me as a subscriber to the MoA and AoA due to various logistic reasons. Third, I had to have my bank in the United States wire the funds for the share capital into the firm's account. Due to the Patriot Act, instituted in the United States following the terrorist strike on September 11th, 2001, and India's classification under the Act as a nation that could potentially harbour terrorist, I had to actually physically go into the bank to make the transaction. The transaction was therefore further delayed and became much more costly as I had to return from India to the United States to execute it.

I wired the funds from my account in the United States in September 2004. In an ensuing Board meeting the application by our program associate was rejected and "his" application money returned. MMCA requested and were given the requisite FIRC to be submitted to the RBI and were requested to do the needful with the authorities. The Board accepted the funds as share capital and MMCA supplied 5i with another share certificate for me.

On Saturday, November 20, 2004 Ayesha received the following e-mail from MMCA on which I was copied.

From: MMCA
Sent: Saturday, November 20, 2004
To: Ayesha

Dear Ayesha,

Please intimate us that whether share subscription of John has been intimated to RBI or not.

Regards, [MMCA]

From: John
Sent: Saturday, November 20, 2004
To: Ayesha

Hi Ayesha,

I thought all necessary formalities in regards to my capital subscription were complete? Also I thought MMCA was handling our RBI compliance? Please chat with MMCA and let me know whats up? Why is this issue coming up now months after the capital was transferred and FIRC filed?

Thanks, John

Background Memorandum Three (continued)

After a set of telephone calls we discover that MMCA did file the FIRC but had forgotten to file the associated notification with the RBI which should be performed within 30 days of the receipt of share capital from a foreign investor. The second share certificate was now not valid as it was issued prior to RBI intimation.

We asked MMCA to immediately file the intimation letter regarding my capital subscription with the RBI and they did so on November 23rd. On Friday, December 10, 2004 we received an e-mail from MMCA:

From: MMCA
Sent: Friday, December 10, 2004
To: Ayesha, John

Dear Ayesha/John,

This is to intimate you that the return for allotment of shares to John have been filed with the RBI and in turn we have received acknowledgement of filing and letter of intimation of registration from RBI...

Thanks and regards,
MMCA

Background Memorandum Three (continued)

On October 7, 2003 our company was registered, but due to our own lack of understanding of the laws and egregious errors on the part of both MMCA and MML, our shareholding pattern in our firm was not legal until 10 December 2004. The following e-mail exchange illustrates the frustration.

From: John
Sent: Saturday, January 01, 2005
To: Ayesha

Dear Ayesha,

This morning represents another chapter in a saga I pray will end soon. Since the beginning of the process of our inception MMCA and MML have provided us with advice that represents a fundamental lack of understanding of the way our business is structured. As you know we are a plc. with a FOREIGN SHAREHOLDER who is also a co-director and co-founder. For advice to be deemed good or even adequate for us it must take this central element in our structure into account. The advice MMCA provides to us illustrates that they have little if any experience in providing accounting services to a firm with our structure. Their negligence makes me wonder if they have ever worked with an Indian firm with a foreign shareholder, co-director, and co-founder? They should have told us that they were in over their heads! Do they not understand the toll that their lack of understanding of how to service such a firm and the associated errors they make take on me as a shareholder, co-founder, and co-director and what the stress on me of such bad judgments does to the firm? The errors in their advice in regards to my shareholding, transfer of funds, requisite RBI notification, and my employment status (consultant or employee) represent a fundamental misunderstanding of how to best service the firm in a manner that honors and facilitates its fundamental structure in relation to the interest of a foreign shareholder, co-director, and co-founder...This string of errors hits me hard. I don't understand how you find this acceptable? I think you see what it does to me. Forget about the personal side and how it feels...Forget about the fact that every mistake requires non-billable time to consider, address, and correct because the firm can't afford to bill me to overhead for these tasks. Forget about what the error in their advice on employment status may cost me financially and what those lost resources could be spent on. Just think for a moment about the effect of their fundamental misunderstanding of what is required for a firm structured like ours and the time required to correct them means to the productivity of our firm. How their lack of experience in these matters and the associated mistakes place stress on one of the co-founders, shareholders and managing directors. Think for a moment about how I

could have used this lost time and more importantly the energy drained to support the development of the firm. Ayesha I am not being dramatic here, I am talking about a fundamental problem that I have with MMCA on these issues as a foreign shareholder, co-founder, and co-manager. When you suggest to me that we should go to MMCA for further advice on issues such as contracting it literally feels like you are pushing a knife already in my side deeper into me. You are asking me if I want to give more business to a firm that has illustrated that they have no understanding of how a firm like ours (foreign equity holder, co-manager, and co-founder) operates in the Indian regulatory space. Asking me this question means either you don't understand the depth of the pain that I am feeling or the cost of MMCA's negligence to our firm or you are just ignoring it. At best if we ask MMCA for advice in this area we will waste lots of valuable time and I will just lose it...at worst we will create a dependency on a firm that could ultimately jeopardize the viability of our business structure. One does not bring someone in to coach on accounting issues who has no idea how accounting applies in the game one plays (international consulting and investing) or how it relates to how the team is structured (foreign equity investor), they could use up a lot of valuable resources steering us in a direction that could end up really hurting our firm. The advice you told me they gave "to just hide the issue of my working with EVG in the language of the contract (by not mentioning my name)" is the latest example of reckless or ignorant thinking (we can solve the problem another way but first let me discuss it with Kate).

PLEASE UNDERSTAND ... They may be a good accounting firm for a run-of-the-mill little business working exclusively in India and having only Indian shareholders but we are not that firm. Even on this matter, they made an egregious error in advising us on a bookkeeper to hire last year that cost us dearly, as you know well. Mustkin's comment about paying peanuts is reckless (he recommended the bookkeeper), Neanderthal, and egotistical; a formal apology and an offer to redress the error would have been the professional response...

I UNDERSTAND we are partially at fault for not understanding the regulations and not proactively seeking advice but tell me, from the beginning, have we ever received straightforward pro-active advice from MMCA on any accounting issue that takes into consideration how to better work with the international fundamental structure of our firm?... when it comes to international issues be they contracts, my shareholding, or transfers of payments (shareholding) MMCA comes to us pointing out problems in what we do (which they must have read in the law books) this has some value but I could pay a gofer to look up regulations and tell me we have a problem and need to play by such and such rule. What MMCA does not offer are creative solutions for meeting the regulatory requirements in regards to these more complex issues that are directly relevant to a firm with a foreign shareholder, co-founder, and co-director doing business globally. I trust they are doing this because they just don't understand the game...

Ayesha, I know we selected to stay with MMCA but this decision was a compromise for me. We had just gotten royally screwed (I don't use this word often or lightly but it applies here) at the last minute with the change in tactics by GT-WC, the bookkeeper MMCA had recommended had totally messed-up our accounts, and we were in a bind. I voted to stay with a compromise solution that I thought would get us through the rough times in reasonable shape. We were caught in a position where we had little power and we needed to get our accounting in order. ... Please don't recommend that we use them for anything more than we must, please let us find another firm to help us with contracting, a firm with experience with firms like ours. We desperately need to find such a firm if we are going to pitch investors that we know how to bring foreign funds in and out of equity investments in India. We would be fired if we ever exposed an investor to what I have been through with MMCA. Think about how you would feel and how much the experience I am going through with MMCA is costing me, please. .. Now we have some time I suggest we look

around quietly for an auditor and new accounting firm. We can make the change after this next audit if we must, but let's begin the process...

Best regards, John

From: Ayesha

Sent: Saturday, January 09, 2005

To: John

Dear John,

As requested, I will address ONLY the issue of MMCA's treatment of our firm with regards to advise on dealing with significant foreign ownership (share certificates, transfer of the related paid-up capital, and notification of the same to the RBI, etc).

I agree with you in that I feel that MMCA has served us horribly on this front. Yes, they have been reactive and seem to sleep on things until the last minute. Then they wake up and say - "oh, by the way, the way you have done XYZ is incorrectly, and you need to undo what you did and redo it." And I feel that in these instances, we have to spend the time, energy, and other resources needed to undo and redo because we want to and need to stay in compliance with Government of India regulations. It costs MMCA nothing to do this - they would have to go over the issues at some point or the other in any case, so there is no incremental to them. However, there is a loss to us - again in time, energy, and to a great extent frustration. I absolutely abhor having to discuss related issues with them, as I am always scared that they are going to throw something else our way that is going to mess things up further and cost us more - both professionally and personally. The way your share capital was treated was horrid. Just for a moment, let's say this was the job of the law firm (their sister concern). MMCA knew we had walked away from the law office. They knew that 5i has [almost] 50% (not some small piddly amount) foreign ownership. And they know that there are very specific guidelines relating to foreign equity (if they don't know this, they are negligent). At the end of the day, we turned to them for advise on all these issues. They were supposed to be guiding us through this. It was their job to make sure these issues were correctly handled. Even if we had not communicated the payment instrument originally selected to them, they had to have seen it when initiating our audit? Still, it took them months before they came back to us and pointed out the issue (depositing cash vs the "proper banking channel" issue). They worked with me on putting together our first share certificates. Now, given the mode of depositing the share capital is a sensitive issue, they should have at the very least asked about it and reconfirmed that we did it the way it was supposed to be done? I believe that they failed to serve our company in that 1) the company did not have the paid-up capital that was included in the MoA because we were not informed of the route to be used (again, which is very specific); and 2) they failed to protect and serve the interest of one of the two founders, shareholders, and managing directors in the company. To me, this second issue is very important - I believe that 5i must protect and serve the interest of its founders, shareholders, and managing directors. In many ways, I think 5i does this. MMCA was hired to handle the firm's accounting issues. Clearly, it is MMCA's responsibility to protect its client's founders, shareholders, and managing directors as well? If not, 5i can't either (bc I am not conversant with the related regulations, which is partially why we hired MMCA!).

Further, even if the advice they had given us (or rather, the lack thereof) caused us to change certificates once, it may (?) have been bearable (please know that I am not suggesting that this would be acceptable in any way). However, to put us through this twice? They should have come to us after the first mess-up and looked over the issue very carefully (again, I do think this should have happened in the first place) and made sure everything was done correctly. Do they not get the fact that (as they have clearly spelled out to us in the past), we need TWO shareholders in the

company. One is a foreign shareholder. If the manner in which the paid-up capital is deposited in the account is incorrect, the company does not exist! If not for looking after the interest of 5i 's shareholders, surely MMCA should have looked at this more carefully from the perspective of the company, it's client? At the end of the day, 5i would not exist without its two shareholders and their respective equity contributions.

On this issue, MMCA has taken from us things that are most valuable to us (personally as well as professionally), and that is our time and our energy, and have caused a great deal of frustration for us. Further, they have not delivered one basic thing to us, and that is peace of mind in regards to related issues and confidence in the work they do. I can't just give something to MMCA and think that it will get done. I feel I have to micro-manage them and even then am never 100% confident that what they have said is true or that an issue is completely closed. They are supposed to take things off our plates, not heap things on. Further, to be at a point where I have to get things from them in writing is a sad situation to be in with a primary administrative partner... To conclude, I would go to the extent of suggesting that if and when we decide to start an equity division with foreign capital, that we look to another company for related guidance and advise.

I would like to add two points here. I don't think you understand or realize that this causes tremendous stress for me as well. First, at the end of the day, these issues are my responsibility. Pointing fingers to others is not a way out of this responsibility. Every time something goes wrong on this front, its my responsibility. Second, as an employee of 5i, I have a responsibility to its shareholders and directors. Third, I know that 5i would not exist without you - not bc of the issue of needing a minimum of two shareholders - this is an easy one to take care of. But because you have been and are instrumental in the formation of this company (ranging from your intellectual inputs to the fact that all our clients are your contacts), and you are fundamental to its survival in the long-run. Four, you are a friend and mentor to me. For all these reasons, your shareholding is very important to me. And it is important to me that you be treated in a fair and efficient manner and that your interests are protected. And when this does not happen, as in the case of your shareholding, it causes stress on me as well.

Further, I am aware of the mistakes that MMCA has made and know the related costs (financial as well as otherwise). I am not ignoring these either. What I am doing is trying to make the best of the situation. To me, we are in a situation where these are the guys we turn to for advise on accounting related issues. They are all we have. I could try to research things on the internet, but I am extremely strapped for time and can't do this and manage the day to day operations of the company and work on projects at the same time. So, I have to rely on the firm we have selected (compromised) to work with. .. I know we are in a sub-optimal situation; I am merely trying to minimize potential problems that would arise as a result of this.

To be honest, I don't think there is much to discuss on this issue. I think you and I agree on most points relating to MMCA....

Best regards, Ayesha

Finally, MMCA and the bookkeeping firm they appointed for us were both negligent in a number of matters in regards to the provisions of many of the services they were contracted to perform. These more mundane failures are detailed in the journal entries below. Although

mundane, Ayesha and I spent much time on these issues together, and our engagement with interpretive ethnography and critical grounded theory methods reveal that we saw them as critical challenges in our start-up phase. An excerpt from my Field Notes introduces the situation, working to help place the journal entries that follow in context.

John's Field Notes: 7 May 2004

On the 6th of May 2004, our bookkeeper met Ayesha and I in my room in the Oberio Hotel in New Delhi. This was the third bookkeeper that our bookkeeping firm had assigned to us in the course of our first six months of operation. He opened our accounts for Fiscal Year 2004 and Ayesha and I began to ask him questions. He couldn't answer our questions? We began to ask him about certain transactions and he couldn't find them. We then asked to see the printed records he was using to talk from, the presentation of the data in his records was a mess. It was difficult to find entries as they weren't compiled in accordance with our budget codes? We began to check the entries we could identify against our memories and Ayesha's log of the same and many were either simply wrong plus lots of entries appeared to be missing. Ayesha asked him to describe how he organized our accounts and where he thought the entries we were interested in were located but he avoided the specific question and just described what he had in front of him. I got the impression he simply didn't know our accounts, it was like he wasn't familiar with our books and was trying to understand them himself. Ayesha and I looked at each other in shock. We had just closed our first financial year, Ayesha had a parallel set of up-to-date books, and we had recently reviewed our financial position; we knew our accounts well and we knew we were in good financial shape. However we had been told by our accounting firm that the bookkeeper's accounts were the feedstock for the financial statements they were going to prepare for us that would ultimately be filed with the government for taxes. But the bookkeeper's records made no sense to us and appeared to be riddled with errors. We asked the bookkeeper to leave the hotel room. We both, rather heatedly, discussed the situation. What had happened? Mustkin had personally recommended this bookkeeping firm and his firm was responsible for managing them?

In the evening of and day after our meeting with the bookkeeper, I wrote the following entries in my journal which are followed by entries from Ayesha's Journal discussing these matters:

John's Journal: Pages 84 to 86

Our situation with our bookkeeper is really bad. I have not lost faith completely in the viability of external bookkeeping for us but for the first time since we started this firm I am beginning to doubt the practicality in the delegation of this task. I also recognize how far I've been away from the day-to-day bookkeeping process. How did this happen? How after six months of operating are we only now noticing that our accounting firm has not been monitoring our bookkeeping as we had contracted them to do? I couldn't read the reports he had prepared, they were a mess and didn't correlate in any way with what Ayesha prepared in Excel, which is clear and appears accurate. We are in trouble. I don't understand, he has copies of all our records? This is our Achilles heal. We could be audited and closed down because we can't explain the record keeping in our books that are supposed to support our financial statements, which will be filed with the government and determine our tax status.

Who knows how MMCA planned to build our financial statements from the records the bookkeepers had prepared but Mustkin recommended them and MMCA were supposedly managing them. As we plan on changing our accounting firm due to MMCA's gross negligence on other matters, now is not the time to get into this debate. We simply want to close our books for this year and move on since we haven't completed our audit and our audit company is, unfortunately, very close to MMCA. After the first six months of interacting with MMCA, we had no evidence to believe that they would handle such matters professionally.

Our formal bookkeeping has failed. We contracted MMCA to identify and then guide our bookkeeping firm to prepare our books for us but it looks like this last bookkeeper they assigned didn't even start data entry on a monthly basis until very recently and certainly didn't build upon what his predecessors assigned to us had done. It appears he is trying to catch-up, to put together a financial picture of what we have been doing over the last six months. It doesn't seem he has any grasp or understanding of our books? I don't understand?

Ayesha had recently started to work with this third bookkeeper and had warned me that it was going to be a headache. I could never have imagined how bad it was. Wow, we have a real mess on our hands. This is one service provider that can just rip us apart. I own [about] 50% of this company and I have no idea what is going on with the formal bookkeeping in our firm. This scares me. The person that has been working with this bookkeeper at MMCA has really lost perspective. Did they not think it was wise to check over what the bookkeeper was doing? Supposedly there was all this work that was being put into our bookkeeping system but where is it? It looks like nobody has watched what these guys have been doing. We have been burned really bad here by MMCA. MMCA had fixed us up with a bookkeeping firm which is horrible. Really, really horrible. They simply can't explain what was going on in our accounts when asked simple questions...

Ayesha's Journal II: Page 20

I am going to kill our fucking bookkeeper. They have sent in a third guy- different one today to work on our accounts. Each time they send in someone new, I have to sit with them and explain our different projects, payment options...accounting codes, invoices, etc. Each time this takes a few hours out of my day for the first few days the new guy is around. Further it seems that these guys have no standard method. One uses single entry, the other uses double entry and says that single is COMPLETELY wrong for us. I thought I had explained everything to the guy that heads the [bookkeeping] firm, and had even told him how I wanted the stuff – the formats. Whenever I talk to him he says he understands and then hands in complete rubbish – not just is the format incorrect but the entries are actually wrong! Fucking incompetent morons! I am so close to firing them. Sadly though I think the best thing to do right now is stick with them until the audit is complete, let them coordinate with our auditors and then fire them. Bringing in someone completely different at this stage would be too much. But I cant wait to fire them!

John's Journal: Pages 87 to 91

I woke up early this morning in a panic, worrying that we don't have control over our books. Think I should call Ayesha and suggest that we get her mum's accountant in quickly to help us out in our bind, to work on our side. Personal/professional conflicts again, I hate this, but we need to have this data input now as it supposedly will basically present the picture of our company accounts in the manner that is apparently necessary for our accountants to develop the accounts in the manner to be filed with the government and to provide supporting documentation on such. Who knows if this is true but we can't risk challenging this pathway now. We don't know this archaic software we supposedly need to enter our accounts in? Ayesha's mum's accountant knows the software and perhaps he could input the data for us if we guide him on the structure. How could we have let this happen? After this is over we will

find our own bookkeeper and will review our accounts in Tally and be comfortable with what the bookkeeper has prepared before we move on. I feel a little silly now going in today to interview an international accounting firm, one of the big 5 or is it the big 4 now, and saying how simple the accounting system is that we want them to take over and that we are professionals in the finance field but we've just been demolished by our bookkeeper and it is causing great pain for us...

Financial delegation involves the choice to manage all aspects of financial operations internally or contract others to manage some, or all, of these operations for the venture. We thought that by bringing in 'experts' to prepare our books in accordance with government regulations we would help assure the minimum congestion in regards to the government's review of our accounts. In addition, we thought we could learn the regulations from the experts and incorporate such to assure compliance in the future. Instead, our delegation of our bookkeeping to external parties caused the crisis described above; it almost wrecked Si in our first six months of operation.

Personal/Professional Tie Dichotomy: Ayesha and my accounts of critical points in our start-up stage repeatedly turned to my difficulty in dealing with the issues related to managing partners and service providers who had come to us through her personal connections. Excerpts from field notes and our discussion sessions present a snapshot of our positions we viewed as critical on these issues.

Open Discussions on Critical Points - Set II: September, 2004

John: *..What bothers me are your underlying assumptions [in relation to how to identify service providers and marshal resources]. I think you and I have this tension with law firms, with travel agents, and even now in this discussion on personnel [we were discussing hiring an administrative assistant]. That is that you believe fundamentally that only the best can be found through family contacts or through personal networks and I believe that the best can be found through professional networks and even open solicitations. I think that the proof is in the pudding that those family contacts can quickly get destroyed by family/personal means, things that are just as murky, as they can be built by them as we've seen with Deepak. It is much easier for me when our decisions and choices are regulated and professional rather than around the corner or around the bush...*

Ayesha: *Yeah when I said open and competitive wasn't necessarily as good as word of mouth I did not by that mean I go to my mother and father and sister and brother and grandmother. By word of mouth I meant kind of get the word out to people in this community which is a relatively small community that we work in and try and find someone in that network.*

John: But if you look at the first two travel agents selected, one was your parents' travel agent the other being managed by your friend's family. We opened the relationship with our bank through the son of a friend of your grandmother, Jitender and Mustkin were highly recommended by your dad and brother-in-law and are your neighbours. And our initial kind of support infrastructure was selected from those who serviced your parents such as the computer company and our Program Associate. All these are family contacts right? These aren't professional contacts and all of these relationships turned bad for us except our Program Associate, who is great.

Ayesha: Yes, except of course the last travel agent we used, Thomas Cook, was a pure professional transaction.

John: I know you get good and bad in pure professional, I not saying you don't get good and bad in pure professional. What I am saying is that you have a belief system, I think, that says family networks and family contacts are very useful and informative and to be trusted and yield results that are often times beneficial whereas the open competitive process probably does not when its going out to the whole population.

Ayesha: The path we walked down [in using an open solicitation to advertise for our administrative assistant position] we ended-up with a good option.

John: Doesn't that restore your faith a little bit? We ended-up with three reasonable options. Any one of the four people, putting the other gentleman in, would have been a decent administrative assistant. I think we got the best out of that lot but the others would have surely been decent.

Ayesha: Yes, like I said, I stand correct on the administrative assistant.

John: Not stand corrected.

Ayesha: No John, I had a particular idea in my mind that was wrong...

Open Discussions on Critical Points - Set III: September, 2004

Ayesha: Your saying that one of the issue here is that there is a personal professional thing going on with service providers....And we are saying to this person that we want you to operate with us in a professional realm as a professional and there is a personal thing but lets not bring that into the middle of this. But you're saying that that can't really happen.

John: You can't remove it, you can't unpack those things. You can't be objective about these things. I can't be objective about those things. I find it difficult to do.

Ayesha: So us going out and asking someone with whom there is a personal relationship to work with us on a professional level from where you stand is a moot thing to throw out because it is not possible.

John: No. Ok this is a touch point for me this year. We have taken a set of chances on relationships that have been referenced to us through the personal this year, both mine and your contacts. We have taken a set of chances on my side with Catherine and then with Amaya and then with GHF.

Ayesha: Your saying Catherine, Amaya, and GHF are personal?

John: I am that saying Catherine is personal programmatic.

Ayesha: Yes, yes

John: *In the beginning (before 5i) I entered WBS as an independent person paying my own way. As an independent person and then a co-founder I brought to 5i the idea of working with IREP from my school context and working with GHF from my previous job. I met Amaya before I became part of 5i through Catherine.*

Ayesha: *In what context?*

John: *You know in a school context which I think would count as personal but in the programmatic realm? Catherine introduced me to Amaya...She trusted Catherine and it was Catherine who introduced us. So therefore I came to Amaya through Catherine so therefore I think it's a personal thing but in our programmatic world, we can call it a student teacher relationship? So IREP, or GHF - which was from Eden bringing over into this – or Marco. Is Marco professional? Marco began as professional but Marco developed into a friend. And Kate, Kate began as professional, it was kind of professional because she was engaging me as such but it was personal also. There's personal and professional mapped-up in these relationships.*

Ayesha: *Well, look at you and I.*

John: *Yeah, of course you and I too. But there's personal and professional [on the programmatic side] mapped-up within each one of these relationships. What I am saying is that it becomes incredibly difficult and one's got to keep one's eyes open much wider when it comes to personal referenced contacts, when they are not in the programmatic world we know and especially when they come through family rather than through our own direct personal connections. We've had a set of them, some have been mine fields for us, and have been perhaps the greatest source of tension for me, they've blown-up in our faces. Other ones have been fantastic but most of these, like Tashi [contact from Ayesha's dad in Sikkim that was incredible in helping us look into the opportunities in the state], have been on the programmatic side...the majority of personal relationships with service providers recommended through your family connections...have been murky at best and have not worked-out for us. And then there have even been some on the programmatic side where we don't know enough to understand the context of what is going on, like Deepak. It is difficult [because this is a new area professionally for us and hard to evaluate who Deepak is and what he does and to understand if he is a business person we are comfortable doing business with]. I have no clue it just sounds so strange that it [our relationship with him] went bad through the personal that was a personal contact and then the very personal relationship that referenced him to us was used to go negative with us. I just don't understand. So there are many times when there are personal things that are influencing the way we do business Over the past year I think we've learned that we've got to be more professional and keep our eyes open wider in those cases where contacts are not coming to us directly from your or my relationships. I am ok taking chances on the programmatic side, as it easier for me to evaluate and monitor but its more difficult with service providers like Jitender or Mustkin and we've got to be very careful with the referencing.*

Ayesha: *...So my point is then that we know that, we know that repeatedly. So why don't we look at instances where it is not a directly programmatic contact and there is a personal professional, lets just cut those out. Why do we continue to do this to ourselves?*

John: *Because sometimes those things have proven very positive as well as very negative to us that's why. From a purely personal perspective your suggestion is probably a much smarter way of going about things, in terms of exterior; outside your and my direct relationships with contacts but from a business standpoint a couple of those have panned out for us. An example is Rahul.*

Ayesha: *Programmatic*

John: *No, you're right, that was programmatic personal*

Ayesha: *I am not saying programmatic personal, I am saying the things that are not directly programmatic, such as travel agents*

John: *Service providers you mean, yeah yeah*

Ayesha: *Such as service providers, other than service providers have we had any other major issues?*

John: *No just service providers and the Deepak situation*

Ayesha: *Service providers where there is a personal link, lets not walk down that road. I think that John you will find that it is not an issue of purely because there's a personal connections, that things are not working out.*

John: *I agree with that*

Section III: Discussions and Findings

In our start-up phase, 5i was paid by foundation and government clients to create and deliver innovative approaches to economic development in target rural regions of Brazil, China, and India. The process of designing and delivering such innovative programs was, by the very nature of the new combinations entailed, uncertain. As the local contexts in which we operated varied widely, Ayesha and I were not able to accurately assess how program designs and approaches would work in the communities in which we operated until we tested them. We were constantly involved in interactive processes of developing, testing, and refining our programmatic approach with our partners and target. We didn't know exactly how the markets were going to respond to our programs and/or how our programs would respond to the market. For example, our partner EMA organized a group of organic farmers in Ilha do Ferro (Brazil) to come together to explore with us the idea of forming the first self help group (SHG) in Brazil. Prior to the meeting, we had no idea of what the farmers' response to the concept would be and therefore couldn't anticipate how to tailor our response. At the same time, we had little notion of how we would feel about the process of introducing the concept in the context the farmers' community. Throughout the start-up phase of 5i, Ayesha and I confronted such uncertain situations. The informal and formal interactions with different groups who were helping us define our business incubation and financial engineering services and the ambiguous political and changing regulatory environments made it difficult to

determine with clarity and foresight what combinations of resources would be necessary to deliver our services.

In our start-up phase, our entrepreneurial process was one of mutual discovery and execution with our partners. Although we have always faced uncertainty when first beginning the design of a novel program configuration, we attempted to hedge the risks associated with such through partnerships. We marshalled relevant information and know-how from our active networks of relationships and worked with them to develop appropriate program approaches, and then took them operational together. This process required that we selectively invested time and effort in developing and maintaining relationships with key partners in our network. We collaborated with partners whom we trusted and with whom we have had positive past experiences. We found that when we engaged in reciprocal, preferential, and mutually supportive relations with a small set of strong partners and a close web of weak ties who shared in our programmatic values, we were more likely to succeed in developing our work.

The previous sections of this Chapter utilize Ayesha and my interpretive ethnographic accounts and engagement with grounded theory methods to illustrate that network relationships were critical mechanisms through which we recognized and acquired tacit knowledge and know-how and mobilized other resources to develop new economic development program opportunities in uncertain environments. Although this thesis is set-up, in accordance with the methodologies selected, to deliver insights through ethnographic narratives, a brief summary discussion of our findings in regards to our network relationships has relevance in further opening an understanding of the critical aspects of such. By looking collectively into the content, governance, and structure of our network relationships and across their evolution this final section is designed to open a discussion on and then draw together our findings in this Chapter. Although I have attempted to group discussions of our network relationships into discreet topics defined in the sub-sections that follow, my inability to dissect and separate completely one topic from another may further confirm the view

subscribed to in this research that, in order to reveal relevance, each of these salient aspects must be seen in their interplay together with others.

NETWORK CONTENT

As the accounts from our interpretive ethnographic narratives culled through an engagement with grounded theory methods and presented in this Chapter illustrate, interpersonal network relationships are the central medium through which Ayesha and I gain access to a variety of resources held by other actors in our start-up phase. Sometimes we exchanged data on market opportunities for new business, at other times we discussed fundraising, and at other times we delved into how to structure a program, and so on.

In most conversations between Ayesha and me and our core set of strong and weak ties, we also exchanged ideas on personal areas of interests, such as cider, restaurants in Sao Paulo, and rural politics in India. The relationships with our core partners, and especially with our strong ties, were efficient and economical storehouses and conduits of information and know-how for us. It would have been excessively difficult and costly for Ayesha and me to collect and marshal the same myriad of resources we initially obtained through our core group of network contacts. For example, it would have been foolish for us to ‘go it alone’ in developing proposals for small consulting contracts for work in Brazil and China from IKF (in London) from our operations base in India. The high cost and complexity of initially identifying the target clients and pulling together the local knowledge and know-how requisite to prepare a solid proposal would have been prohibitive. Instead, in opening the opportunity for us to move into Brazil and China, network contacts permitted us to identify a client and develop proposals at an acceptable cost.

Despite the geographic, institutional, gender, and ethnic diversity in Ayesha and my dense network of core ties, these ties were fairly homogenous in specific revealed sets of programmatic values and interests directly relevant to our work. All of our network partners on the program side worked with commercially-sustainable approaches to development in

rural regions of the developing world. We all also subscribed to similar programmatic values in relation to the importance of locally-owned and operated micro-scale renewable energy and/or organic agriculture ventures and the strengthening of the capacity of micro-scale farmers to develop such. In addition to sharing a strong commitment to see an expansion in such farming and energy practices and to the introduction of local artisan processing ventures that can deliver income benefits from a combination of both, we also shared a belief about the formation of farmer unions, SHGs, or other collectives to firm-up the local institutional base necessary to bring about transformations to more equitable and sustainable energy and/or agriculture practices. Our shared interests were articulated in the proposals, awards, and contracts that formally bound us together in our work. For Julia, Chi, Amaya, Pooja, Arun, Roberto, Rahul, Ayesha, and me these interests and practices, and the programmatic values and ethics that sit beneath, were also integrated into our personal lifestyle choices and the social relationships on which both our business and personal lives rested. We found this shared context of articulated programmatic values, and the underlying associated ethics, facilitated social exchange and the novel combination of tacit knowledge and know-how necessary to deliver innovative programs. Such exchanges were eased through shared language and vocabulary and through the sharing of collective narratives that we built together over time. Shared language, visions, and ethics facilitated our ability to access each other's worlds and influenced perceptions of common understandings. Shared collective narratives, and the language within, also enhanced our ability to combine and develop concepts and execute opportunities efficiently. Finally, our sharing of our personal interests and experiences, full of seemingly insignificant details, was an essential part of the socialization process that further confirmed our shared programmatic values and eased the exchange between us.

NETWORK GOVERNANCE

Trust played a central role in helping Ayesha and I govern our network relationships in our network in the ambiguous and uncertain environment in which we all operated. My research indicates that Ayesha and I appeared to value two forms of trust evidenced in our

relationships in the start-up phase of 5i: *competency trust* and *ethical trust*. These two concepts are defined in the previous Chapter.

Evidence of competency trust is offered in our relationships with Roberto, Rahul, and Yi. We allowed these individuals, who we believed to be cognizant experts in their respective fields, to guide us in Alagoas (Brazil), Yunnan (China), and Uttaranchal (India) respectively. They selected where we started our work in designing our programs in the geographic regions they knew well and charted our course in working with identified local organizations and communities. We trusted that they would open-up opportunities as professional development practitioners well-versed in the role social entrepreneurship can play in economic development. Trust governed our relationships with these individuals, we didn't have contracts in the initial stages of our work, and even when we did write contracts for program operations, enforcement of any violations of such would have been difficult to detect and far too expensive and complex to prosecute.

Ethical trust appeared at the business level, we trusted that our strong partners and core constellation of weak programmatic ties would not violate the sanctity of any business arrangement we had with them by trampling on our rights. We trusted that in our relationships with a dedicated core sub-set of our strong ties that they would adhere to the basic mission that we and they agreed to which operated behind the work that we performed. This mission defined where we should go and what we should do in a meta-sense. For example, Ayesha and I believed in a 'soft paths' approach to development as one of our core operating principles. For us this meant thinking through how economic development alternatives could reduce human impact on flora and fauna. If a client did not concur with a commitment to such an ethic, it would have been difficult for us to take work. We did occasionally work with partners who did not share this ethic and, we even had strong ties with such partners. The presence and degree of this second tier of ethical trust offers one way to look at subtleties in the differences in governance in our relationships with our strong ties. It

only existed in strong measure in our relationships with Julia, Chi, Amaya, Roberto, Arun, Pooja, and Rahul.

Competency trust is certainly not necessary for ethical trust and visa versa, although as social entrepreneurs Ayesha and I searched for a combination of both in our network relationships and found both layered together in our relationships with a discreet subset of our strong ties. As the levels of either trust increased, we found that our relationships strengthen in that domain, be they ethical or competency, and the likelihood of future trustworthy behaviour, in the particular domain, increased.

Trust in Action: Competency and ethical trust in our relationships with our network partners served to facilitate the creation and delivery of novel programmatic combinations in 5i's start-up phase from a number of angles.

First, mutual trust acted as a governance mechanism in terms of helping guarantee our partner's reliability in fulfilment of obligation of exchange. Following Uzzi (1997), trust in our strong ties allowed Ayesha and me to assume that they would take actions in regards to fulfilling the obligations of exchange with us that were predictable and mutually acceptable. For example, legal enforcement of small transactions developed over thousands of miles would have been difficult and costly for us. We were able to quickly access market information necessary for constructing proposals without having to sign contracts as our partners trusted that if we won the proposal we would work together with them in the execution of the work. It would have been difficult and costly for us to prepare proposals if we had to sign contracts that hedged this risk for our partners. The acts of signing, sending, and making payments on contracts between India and Brazil and China would have been both difficult and costly for consulting work itself, given Reserve Bank of India regulations governing foreign transactions, without even having considered such for small amounts to cover the speculative prospecting work of proposal writing. In this example our ability to

trust our core partners created significant cost and speed advantages for us in preparing proposals.

Further, as more exchanges took place, partners developed a mutual understanding of each other's competencies and ethics that facilitated communication and coordination, thus reducing the costs of governing and interaction (Gulati, 1995b). For example, given our previous relationships with some of our network contacts and the strengthening of trust that occurred in work with them as network partners in the first few months of our start-up phase, we were comfortable with roles varying between partners; sometimes 5i was the prime contractor – for example with EVG on the Brazil work – and sometimes we were the sub-contractor, as with FDA on the GHF contracts. Absent were the traditional hierarchical controls often evidenced in sub-contractor, prime contractor relationships. Ours were network relationships between professionals and were non-hierarchical, allowing ideas to be generated and work to be done between individuals in different organizations that combined heterogeneous skills and experience. We built proposals, crafted budgets, negotiated changes, and managed work together. For example, Ayesha and I wrote the proposals for IfE to submit to IKF and their relevant section of the second proposal FDA submitted to GHF. We didn't request a sub-contract arrangement on either proposal and in the IKF proposal; we simply agreed that in the future IfE would cover our expenses in China. This would permit us to get to know and understand the market without entering into the complicated bureaucratic milieu of international contracts and payment transfers that would have been necessary if we didn't trust they would deliver on their promise. No contract or other written agreement confirmed this arrangement, we simply agreed in a conversation. In the second case we were given the freedom to build and manage our own scope of work and budget in China, in keeping with what we wrote for GHF. Further, 5i designed much of the proposal for the bid that FDA submitted to GHF. We certainly would not have devoted non-billable hours to this task if we believed we were not going to have complete flexibility with FDA to design our scopes of work and task budget allocations with FDA if we all won the bid. Again, no agreement governed this expectation, it simply came about through conversations between Marco and I.

Governance in our network relationships with our strong partners and constellation of weak partners in the construction of program work together relied on trust that permitted implicit and open-ended contracting.

Second, GHF's and, initially IKF's, trust in both our ethics and competencies permitted us the autonomy and flexibility we required to test new ideas and reconfigure them to craft and deliver programs that helped bring about the socioeconomic development results we sought together. Our clients' trust in our work was built through the knowledge and understanding of how we operated and development of ongoing socialization. Principals in both IKF and GHF spent extensive time with Ayesha and me and in understanding our work. GHF has been extraordinary in the amount of freedom they have given us to adjust our program approach and realign our budgets accordingly. We made significant shifts in our budget and approach as we 'learned by doing' in our work supported by GHF in China and India. In addition, our contract with FDA, through which funds channelled from GHF to us, was designed by us.

One example of when such trust broke is illustrated in our relationship with IKF. The trust that existed in our relationship with Amaya and the relationships she brokered with the IKF team covered us in signing a contract with IKF before we were officially registered. The flexibility inherent in our relationship with the IKF team after we were successful in our first project, permitted us to completely change our program approach between the concept approval and full proposal submission. Basically, we had been approved to move ahead with one approach, but submitted another in our official proposal with the full support of IKF. Our relationship permitted us the space to explain why we selected this tack; field interviews had proven that another approach would be better to meet the results we were seeking to deliver, and meant we found a receptive audience instead of a bureaucracy that could have easily cracked down on us by eliminating us for not following procedures. Key officers in IKF also permitted us the flexibility to design the way we utilized our resources in our projects. As our ethnographic accounts relay, our relationship with IKF changed dramatically when an evolution in their strategy shifted responsibility for our contract work on MHP to a locally-

hired field officer in the British High Commission in New Delhi. When she thought she saw a problem in interpretations of the FCRA (described in detail in the ethnographic accounts provided in the previous section) instead of calling us in to discuss it, she rendered an opinion that would have essentially meant we would have been cut off from performing the work. She took a regulation that applies to grants with which she was familiar and decided it also applied to contracts. We were forced to get a lawyer to render an opinion that went against her judgment before we could resume work even though she had no legal training and displayed little understanding of how the commercial sector operated in India. She made many tactical mistakes, such as issuing a pounds sterling cheque to us, that could have easily been avoided through an open dialogue. When the management of our contract was passed to this officer in the High Commission, the terms and conditions of such remained the same as when it was managed through London, but the relationship and underlying trust that promoted an open dialogue vanished. We moved from having a flexible open relationship that provided the successful delivery of results, with our projects appearing as case studies in the IKF Annual Report, into an environment of distrust with a costly confrontation that could have easily been sorted out if there existed the level of trust that had been in place with the officers previously handling the matter.

Third, trust enhanced open communication and the effective sharing of ideas in our relationships with our programmatic partners, enabling us to explore and discuss openly possibilities for change, programmatic approaches that might make sense to bring about the change, and the design and execution of those opportunities without fear that: (a.) they would steal the ideas for their own use, shopping them to clients and/or (b.) they would clamp down on us immediately if we began to explore an area or idea that didn't appear to make any logical sense. Trust opened a context for experimentation, facilitated joint problem-solving, and supported the identification and execution of opportunities by facilitating rich flows of tacit knowledge and know-how as well as access to capital. The reciprocity associated with trust enhanced the flow of knowledge between partners (Uzzi, 1997). Trust in our relationships thus regulated the volume, speed, and costs at which such resources flowed.

Finally, shared programmatic values and initial ethical trust served to enforce a psychological, moral bond between us and our partners. We were working towards the same mission and goals. As a consequence, Ayesha, I, and our partners all invested extra time and energy well beyond what we are getting paid to do in searching for or developing opportunities that would further our mission as well as improve the performance of our respective institutions in delivering development results. The long hours Ayesha and I gave to our work and to help our partners develop their programs attest to this commitment.

Repeated transactions within a small set of partnerships are important in supporting the virtuous cycle identified by Bouty (2000). The research demonstrates that as more trust is created, more cohesive relationships develop. Trust was high in our strong ties because: (a.) we had a shared set of programmatic values, (b.) we were familiar with each other and made an investment in understanding each other, and (c.) we worked together for long periods of time and there was precedent for trust. Business behaviour regarded as inappropriate in a small, dense network such as ours was quickly detected and addressed. Trust was violated from time to time, as demonstrated in the case with Marco and the Palo Alto meeting of foundations but when such violations occurred they were discussed openly and worked through so as not to be repeated. For example, Marco and I openly discussed the Palo Alto meeting agenda and by the time the meeting took place I was on the agenda and in the subsequent meetings that Marco coordinated with foundations, the group of presenters was far more representative of our network. In this example, trust also served to promote the achievement of a common purpose by permitting space for a cognitive realignment of Marco to a perspective more in-keeping with our programmatic values and those of our network partners.

Specifics on the movements of trust in Ayesha and my relationships are provided in the section on Network Evolution.

NETWORK STRUCTURE

Weak ties with a key set of individuals who worked with us on the programmatic side, did hold value for us, especially when such ties opened relationships that ultimately converted into strong ties. We built a deep, rather than a broad, network structure. This core group of strong and weak ties provided us with relatively easy access to critical resources. Our findings are in agreement with Uzzi (1997) that the most efficient network structure was one centred on a dense set of strong ties surrounded by a small constellation of weak ties that shared in our programmatic values and provided us with new information and tactical partnerships on the programmatic side. Following Oviatt and McDougall (2005) in that “successful international business operations are dependant upon reliable interaction among actors in multiple foreign countries, dense networks that operate across international borders provide relatively efficient support for internationalization. Entrepreneurial actors who have already established such networks can internationalize rapidly” (546). The downside for us in regards to having a tight dense network is that it is difficult to break a tie and quickly move to another as it takes time to build strong relationships and the layered trust.

PROCESS SEQUENCE AND NETWORK DEVELOPMENT

This sub-section divides our start-up phase into two stages and summarizes the raw resources that were accumulated through our network relationships.

In the first stage of our start-up process - constituted in the six months prior to registration of 5i - network contacts with, in my case prior colleagues, and in Ayesha’s case family and friends, provided us with indirect or direct connections to critical resources requisite for beginning our venture. For Ayesha, the relationship her father and brother-in-law had with Jitender (who then connected us with his brother Mustkin) quickly connected us to the services of their respective law and accounting firm. My prior work and social relationships with Kate and Marco first brought Ayesha and me together with Kate as partners in developing EVG-SA and with Marco in our initial bid to GHF. Kate and my prior professional contact with Julia and Chi, opened access for FDA and EVG to GHF. GHF’s

first award to the FDA/EVG partnership supported some of Ayesha and my work on the development of the institutional documentation and products and services for 5i, as well as provided us coverage to develop our initial bid to IKF. My contact with Amaya - brokered by Catherine - gave us with access to IKF. Ayesha's contact with Rahul and Deepak and both our contacts with SEI permitted us immediate access to the tacit knowledge and know-how we required to craft our proposal to IKF in the case of Rahul, and in the case of Deepak, built the initial case for our design work on a finance facility we were proposing for GHF. These network relations shaped our business in the first six months by providing us with critical resources necessary for our growth. In this first stage, Ayesha and my prior relationships permitted us to expedite the informal construction of ideas with others with whom we shared some fragments of a common history and who believed in the quality or future potential of the ideas we were developing.

The second stage of our start-up process was constituted in the 12 months following the registration of 5i. In this stage, Ayesha and my exchange relationships with Marco, Kate, Amaya, Julia, and Chi all became more multiplex. Extensive conversations, work, and travel together with the development of both ethical and competence trust facilitated and were accompanied with the opening of access to multiple layers of resource flows ranging from access to new sources of capital to personal friendships to space to innovate. In some cases our relationships that began for instrumental reasons became imbued with social components. In addition, the trust between us deepened as we carried out transactions together. Our relationships gained further complexity, especially as we built the second proposal to GHF with Marco and Kate and expanded our work with and wrote a new proposal for IfE.

Weak ties with Arun as well as similar ties with Pooja (delivered principally to us by Ayesha's personal network) as well as the weak tie with Roberto (a professional colleague of mine) were also activated as Ayesha and I strove to put together the critical mass of information and relationships we required in order to submit a new set of proposals to IKF that would permit us to expand our venture further into India as well as into Brazil and China.

Conversations with our potential partners were a key source of programmatic ideas. Network relations shaped the opportunities that we pursued as was evidenced in our choice to work in Alagoas (Brazil), Yunnan (China), and Uttaranchal and West Bengal (India) where our network connections with Roberto, Yi, and Deepak respectively opened the opportunity and then helped define our work. While Ayesha and my past professional experience base certainly played a role in our decisions in regards to where we selected to work, our recognition and consummation of opportunities in Brazil, China, and India would have been difficult, if not impossible, without the network relationships we had developed. Network connections also continued to provide us access to funding from GHF in the second stage. Our deepening relationship with GHF and with Kate and Marco helped Ayesha, Marco, and I develop and win a bid to GHF in which our proposal team (EMA, EVG, IfE, FDA, 5i) received the single most significant award the foundation had ever made. Following the award, continued interactions with Marco, Kate, Julia, Chi, and Amaya became more routine and we saw each other more regularly, which helped us to continue to build trust.

As we moved through each of these two stages Ayesha and I had to gather resources in constantly shifting orders of importance in order to be successful. For example, in the first stage network contacts with Jitender were vital to register our firm, but these quickly became a liability as we started to develop our work and discovered the corruption in this tie. On the positive side, we relied less on Amaya as a tie to facilitate access to IKF following the submission of the proposals to IKF in the second round, as we came to develop a relationship with the operational staff in IKF and the responsibility for management of IKF in London. Instead our ties deepened in other ways with Amaya, especially in her helping us and we helping her think strategically and tactically in our relative positions.

In the second stage, trust enriched our process in several ways. For instance, trust made the implementation of ideas faster by facilitating conflict resolution. If disputes or different interpretations arose, they were addressed openly and quickly since we trusted each other's judgments. Trust also strengthened our identification with and commitment to common goals

and objectives. As a result, we and our partners invested extra time and energy to help increase the chances of success. We did so because we were not concerned about being taken advantage of. Trust also reduced the need for formal monitoring and control, lowering our cost of implementation. Ayesha and I were given more autonomy and flexibility by our clients. In turn, this increased the speed and ease by which new knowledge was captured and shared. This helped us adapt and adjust our behaviours in ways that increased the success of the implementation of our programs. To summarize, during the various stages of the established company's new business creation process, trust gave the organization several economic (e.g., lowering costs) and social (e.g., increased commitment and solidarity) benefits.

Our findings follow those of Hite (2005) in suggesting an evolutionary process in our relationships with our network ties. Below I look into two processes, network entry and leveraging, in the evolution of ties.

Network Entry: Entry into an entrepreneur's network is the critical first step in becoming a network tie (Hite, 2005). The ethnographic accounts provided in the previous sections of this Chapter give the network entry process for each tie Ayesha and I believe to be critical as we engaged with them in the start-up phase of 5i. The greatest number of these critical network ties came through brokering. In these cases, a third party that was known to Ayesha and/or me acted as a broker to introduce us to an individual who became a critical partner for us. In the first set of these brokered relationships, the broker was a friend or family member. Network entry through the social component of personal relationships was evidenced in Ayesha's delivery of Jitender and Mustkin into our consideration and then our eventual contracting of these two as lawyer and accountant respectively. Also, the identification of Rahul, and later Deepak and Pooja, as partners came, in the case of Rahul, through Ayesha's friendship with his wife; in case of Deepak, through Ayesha's father; and in the case of Pooja, the contact came first through Deepak complemented by the fact that she was known to Ayesha's father. Arun was referred to us by his boss who we accessed through a combination

of Ayesha's personal contacts - her father was highly regarded by him - and my professional contacts. Finally, Amaya was introduced to me by Catherine, my PhD Supervisor. Two of the critical ties came through my relationships with individuals (Kate & Marco) who I knew from when we all worked together in Washington in the early 1990s. In the beginning, we knew each other through our frequent economic interactions. Increasingly through a number of interactions in both work and social situations, we came to know each other well.

Each of our strong ties entered our network through what Hite (2205) defines as *social components*, a combination of personal relationships and social capital (Jitender, Mustkin, Rahul, Deepak, Arun, Pooja) or *dyadic economic interaction* (Kate & Marco & later Julia & Chi). The majority of our ties were brokered into our networks by personal friends or family. In addition, the remaining ties were built through pre-existing work-related relationships, reinforcing the recognition of prior relations as a precondition for exchange in new ventures as well as Gulati's (1995) focus on the importance of familiarity in the initial development of network relationships. Entrepreneurs are likely to enter into partnerships with individuals with whom they have already collaborated in the past as the search for reliable and valuable partners and the final selection process are costly and time consuming (Gulati, 1995). Ayesha and my choices certainly reinforce Gulati's (1995) findings. Finally, many of us had also shared in prior successful partnerships. In international consulting, finance, or non-profit program work in economic development in developing countries, partnering has become a generally accepted activity and for 5i, EMA, FDA, and EVG the constructs we went through to enter into and develop partnerships were a familiar and comfortable way for us to mobilize resources.

Network Leveraging: Ayesha and my initial network partnerships provided us with a set of primary relationships through which we and our partners leveraged resources in working together, connecting socially, and/or brokering. For example, we began to intentionally broker each other into our extended networks. I connected Marco with Amaya and he subsequently went on to play a key role with IREP in the Americas and bid and won a number

of proposals to IKF. Kate and I took Marco to meet with GHF and he started to write proposals to them with EVG, IfE, us, and ultimately EMA. We won two significant proposals from GHF together and Marco developed a social and professional tie with Julia. I also introduced Julia and Chi to Amaya. Julia and Amaya developed a social as well as a professional relationship and Amaya was invited by GHF to take a position on the Board of Directors of IfE, which she accepted. Chi also introduced us to IfE, Wu, and Yi, opening the possibility for us to work together in China. Chi made formal introductions for Ayesha and me to both the Toyota Foundation and Shell Foundation. Julia used her position as President of a major family foundation to convene representatives from other foundations to hear about the work EVG, FDA, IfE, EMA, and 5i and to see if there were any synergies and possibilities of further funding for our work. As we and the members of our network assisted or extended efforts on behalf of one another, our ties strengthened. I think we all appreciated reciprocity if it came, especially in locating potential clients that had an appetite that matched our abilities and interests. However, we also allowed asymmetry in our relationships to exist for long periods of time.

In addition to the contribution the aforementioned brokering made to strengthening 5i's ties, our increased level of interaction in work – and especially in sharing ideas – spurred a deepening of trust and connection to one another. This was particularly valued when it occurred in unexpected areas. Clients in our sector do not usually interact closely with contractors and there is often not much sharing of ideas. However, GHF, Amaya, and the program team at IKF in London, engaged us in both strategic and tactical dialogues beyond the programs we were executing for them as clients. An 'arms length' relationship is also often carried into the relationship between prime and sub-contractors. However we worked closely with EVG, FDA, IfE, and EMA as prime and sub-contractors in the development of proposals and, when an award came through, in refining the scope of work, distributing resources, and executing programs. Our interactions were characterized by trust and an associated degree of ease and autonomy, particularly in terms of communications quality, confidence, and goal congruency. This trust and autonomy decreased conflict and friction,

making the interaction more comfortable and convenient as well as permitting us each space to experiment and learn, separately and together. Interaction ease not only diminished transaction costs across our network ties, but it also facilitated personal relationships as we built respect for, and understanding of, the other's interests.

On the social side, Ayesha and I developed friendships with Amaya, Julia, and Chi in our start-up phase. In spending time together outside the work environment we discovered that we shared mutual interests and that the programmatic values incorporated into our practices at work also crossed into our respective personal and family lives. We got to know each other's families and friends and took time to relax and explore together as we travelled and/or visited each other in our home towns. Our growing familiarity eased interactions between us.

Finally, some ties decayed or dissolved. Our tie with the law firm of Jitender was a particularly nasty dissolution as was the decaying relationship with Mustkin, his brother, and his accounting firm. Both of these had come in on personal recommendations and hopes were high for a solid professional relationship, but these hopes crumbled.

Evolutionary Paths: The evolutionary processes of 'network entry' and 'social leveraging' (Hite, 2005), discussed above, contributed to the development of our network. Trust has been discussed frequently in this thesis as it played a critical role in governing Ayesha and my relationships with our core network contacts, but it also played an important role in the evolution of our relationships. When, in initial conversations with potential partners and clients, we came to understand that we shared similar programmatic values in regards to economic development, this opened the door for us to the possibility of ethical trust. We entered the relationship thinking about how to look-out for their best interests and often began dialogues in social and work spaces on the philosophies that drove our work and life choices. If, after thinking through and executing programs together we established a history of successful economic interactions, we developed a direct, personal knowledge of and trust in their competencies. Our trust in their competency then built over time through repeated

interactions such that the routines and processes of the interaction became known, understood, and expected. Working and sharing personal time together allowed us increasing time to see how programmatic values were integrated into our practices. The more we worked and spent social time together, the more we came to know about them. As a party acted in a trustworthy manner in the distinct but potentially complementary spaces of ethics and competency, we each moved to extend our relationships. With our core set of ties, ethical trust was layered on top of competency trust as we got to know each other better and spent increasing amounts of personal time together.

After network entry, network ties evolved or devolved over time through different patterns and combinations of leveraging, trust, and the like. Thus our network ties demonstrated different levels of strengths or relational embeddedness at different points in time. The first path in the development of the ties we believed to be critical in the start-up phase of 5i was one from economic interactions to full embeddedness. This can be seen directly in the relationship Ayesha and I had with two ties: Julia and Chi. Julia and Chi entered Ayesha and my network as market ties. Kate and I knew Julia and Chi purely as our clients within the context of Eden. Over time, Julia and Chi developed confidence in and demonstrated competency trust in Ayesha and my work as evidenced in the two awards GHF made to support our work. In each bid to GHF, we were fortunate to receive the funds requested for our work. We also developed competency trust in their work as they provided 5i with support in our nascent phase that went far beyond what we had both experienced in previous relationships with a client. Through spending time together we came to realize that we shared a sense of values, and as we saw it practiced in their work and personal lives, Ayesha and I developed an ethical trust in both Julia and Chi. As Ayesha, Julia, Chi, and I worked and travelled more together, and spent some time with each other's families, we began to share deeper relationships, especially on the personal side. We also assisted their spin-off, IfE to gain further access to resources (IKF) and decision-making skill (Amaya on the Board of Directors) and they introduced us to new foundation contacts. At the end of the 24 months that characterizes the start-up of 5i, Ayesha and I had developed a close professional and

personal relationship with both Julia and Chi built on competency and ethical trust. This was especially evident in Julia's commitment to use her personal/professional access to introduce us into her relatively-closed network of family foundation principals. This path can be described as one from an arms-length weak tie to a fully embedded strong tie.

The second significant evolutionary path in the development of our network relations began when six of the ties we saw as critical were brokered into Ayesha and/or my network in the start-up phase. The ties at this entry point rested on social capital; someone we trusted – outside our professional contacts established in 5i - had referenced them, and they started as weak links for us. Our trust of these ties was based on the third party that introduced them. Ties that entered our network in this manner were Jitender and Mustkin, Amaya, Deepak, Pooja, and Arun. The respect we had for the contacts that introduced us to these ties led us to extend our effort in engaging with each of them. Initially, in all cases, this effort was rewarded with reciprocal extension of effort by each party.

We developed transactional linkages and began to build a transaction history with Jitender, Mustkin, Deepak, Pooja, and Arun. The relationship with Jitender ended when we registered 5i as members of his law team repeatedly lied to us, broke trust and demonstrated incompetence, failed in their professional brief; and attempted to radically over bill us. The relationship with Mustkin decayed over the course of the start-up phase, with his firm failing in their professional brief with demonstrations of gross negligence and incompetence. An account of the difficulty presented in the dissolution of these two relationships is provided below. The third tie that broke apart was our relationship with Deepak. It is difficult to determine exactly why this tie devolved as an open discussion with him has been impossible up to the time of writing this thesis. The ties with Arun and Pooja moved positively forward with stronger relationships developing with both as we executed further work together and took time to come to know each other personally. We introduced Arun to a number of our partners and clients and spent personal time together; Arun also donated personal time to help us build our firm. Pooja introduced us to a set of organic farmers she had assisted in

developing their organic practices and through collaborative work with her staff these farmers became the suppliers for our organic apple juice test facility. She also introduced us to an accountant and lawyer who helped us established a new venture in the mountains of Uttaranchal and her farm manager worked with us to identify land for our facility. We spent time getting to know Pooja on a personal level at her farm and over long dinner conversations. At the end of our start-up phase, our ties with Pooja and Arun were truly embedded strong ties.

My relationship with Amaya evolved from a contact brokered by Catherine into one of friends and intellectual colleagues. Amaya also played an extremely valuable role as a broker in introducing Ayesha and I to IKF. My relationship with Amaya evolved in much the same way as Ayesha and my relationship with Julia and Chi, it started with the building of competency trust based on shared delivery of professional commitments and mutual agreement of beliefs concerning economic development. The personal and professional time permitted the relationship to flourish and ethical trust layered onto the professional trust. Ayesha also got to know Amaya both through our work under IKF and in associated social circumstances.

Kate and Marco entered our network through my personal and past professional relationships with each. I first met them through our work together in the past, but these work relationships had, long prior to founding 5i, developed a personal layer. During the start-up phase of 5i, Ayesha also developed a personal relationship with both Kate and Marco. Kate, Marco, Ayesha, and I worked fervently and travelled extensively together in the start-up stage in 5i. Personal and professional relations were further strengthened by executing transactions together, by building social capital through brokering each other, and by spending further personal time together. Competency but not ethical trust was built. There were bumps in the development of our relationships with Kate and Marco, but they were smoothed through open communications that trust enabled. In addition, Rahul joined our network from Ayesha's friendship with his wife. The relationship with Rahul strengthened through work and

spending personal time together. We developed trust in him and his competency and brokered him into new bids and proposals. Unfortunately, for both family and professional reasons, Rahul left JP - the organization he had run - but he still remains a trusted friend of Ayesha's.

Finally, our relationships with Jitender, Mustkin, and Deepak provide evidence of three instances where trust in our network relationships proved dangerous for us. Ayesha and I did not know the areas of law and accounting related to compliance matters for firms in India. We also did not know the organic tea sector particularly well. We were therefore restricted in the due diligence that we exercised in attempting to locate professional guidance in legal and accounting matters and on the development of programmatic work in the organic tea sector. In our start-up phase, we exercised what limited due diligence we could in identifying service providers to meet our legal and accounting requirements and in identifying a programmatic partner for our work with the organic tea sector. We searched for references and clues to competencies in these matters in our social and professional networks. References from Ayesha's father and brother-in-law helped us locate Jitender and Mustkin as possible choices for a lawyer and accountant and a reference from Ayesha's father connected us to Deepak. Given the deeply trusted brokers that referenced these three individuals, we, after completing whatever due diligence was possible and, in the case of Jitender, comparing him with a few other choices, accepted the recommendations. We believed these brokers would only reference individuals they thought to be reputable, trustworthy individuals to provide professional support services and, in the case of Deepak, a programmatic partnership. Ayesha and I developed relationships with each of these three individuals. Our relationship with Jitender and Mustkin decayed as they both behaved in a corrupt and negligent manner and then Deepak simply stopped talking to us in the middle of our project cycle with him. We were devastated by these breakdowns because we were relying on our relationships with these individuals. In the cases of Jitender and Mustkin, we didn't know the compliance side of the legal and accounting business in India, so it was difficult for us to accurately assess the damage caused until long after it was done. This can be seen from the year it took to fully

recognize and deal with the crisis that resulted from the mistake first Jitender, and then Mustkin, made in regards to advising us on my share capital. It was also difficult for us to quickly locate a replacement accountant once we did discover the damage. Finally, all three of these contacts came through Ayesha's immediate family members, and it was initially difficult for her to acknowledge that the referenced individuals were corrupt and/or negligent and this made dealing with mapping ourselves out of these relationships in a timely manner a bit more difficult.

The implications of the findings presented in this section and their connection to the relevant stream in the relevant literature will be discussed in the section that follows.

Section IV: Pragmatic Theoretical Significance in the Findings

The extensive excerpts from Ayesha and my work with interpretive ethnographic and autoethnographic texts that form the basis for this Chapter, together with an engagement in coding these texts utilizing interpretive strands in grounded theory methods, reveal a set of findings on the enabling conditions and challenges we found critical in our network relationships in the start-up phase of 5i. By further teasing these findings utilizing grounded theory methods five sets of contributions emerged that expand current knowledge on the role of networks in the start-up phase of a social entrepreneurial consulting practice that crossed international borders from birth. This section discusses each of these sets of contributions and connects them with the relevant literature.

First, the research presented here challenges traditional notions of the impact of heterogeneity and homogeneity in network ties.

Second, shared programmatic, or mission-related, values, discussed at length in the previous Chapter as a critical agent in Ayesha and my TMT relationship, were found to continue to play a major role as enabling conditions critical in our network relationships in the start-up phase. Building on the previous Chapter, the findings illustrate the ways in which

programmatic values, or mission-related, create cohesion in the network relationships from the perspective of a social enterprise. The role of programmatic values in network relationships is not given much attention in the network literature; these findings posit their theoretical significance.

Third, the positive side of Ayesha and my use of heuristics in regards to network relationships is discussed in relation to recent theoretical work by Nebus (2006) on such.

Fourth, the negative side of network relationships is not examined much in the literature. The relationship of these findings to a few recent theoretical works that model the ‘dark side’ (Zahra et al., 2006) of network relationships is explored and contributions are offered to extend the perspective on the negative side of network relationships. The liabilities associated with Ayesha and my use of heuristics in relation to our network relationships is discussed.

Finally, there is little literature on the role of networks in facilitating the ‘instant’ internationalization of small-scale INVs in the service sector. The contributions offered in this research are discussed in relation to two theoretical perspectives that relate directly to such.

The sub-sections that follow detail each of these five new contributions to knowledge.

1. Heterogeneity When?

In their work for the PSED, Aldrich and Carter (2004) argue that “diversity in network ties is crucial for nascent entrepreneurs, as diversity increases access to a wider circle of information about potential new markets, new business locations, innovations, sources of capital, and potential investors” (325). 5i’s emergence confirms this proposition put forward by Aldrich & Carter (2004). In examining the small set of the actors Ayesha and I believed to be critical in our network during our start-up phase, our network was diverse; ranging *geographically* from contacts in the northeast of Brazil (Roberto) to the India Himalayas (Rahul) to the

eastern United States (Julia, Kate, Marco) to England (Catherine, IKF, Amaya) to China (Ch, Wu, Yi). *Institutionally* our network relationships ranged from multinational firms, such as the solar energy joint venture of a major British oil company (SEI), to well-capitalized private foundations (GHF) to the British Government (FCO) to the first private non-profit working in rural China (IfE). In terms of *gender, race/ethnicity, and age* our critical network actors ranged from an Irish-American Caucasian woman president of a United States-based consulting firm (Kate) and a Brazilian Caucasian woman Vice President of a British oil company (SEI JV partner), both in their early 50s, to a female Arabian-English British Government political appointment (Amaya) in her early 30s to a South Asian male executive director of a non-profit in his late-30s (Rahul) to a Han Chinese male Vice President of a United States-based foundation in his mid 50s (Chi) and a Caucasian woman President of the same foundation in her early 50s (Julia) to a myriad of multi-ethnic and gendered partners in Brazil, China, and India. The findings in this Chapter illustrate that this incredibly diverse core set of ties helped 5i to access the resources necessary to develop and execute a wide range of opportunities without having to reach into an extensive web of weak ties. A network made up of more homogenous ties along geographic, institutional, race/ethnicity, and gender vectors may not have yielded such a broad spectrum of opportunities for us.

However, the findings in this research challenge three of the conclusions made by Aldrich and Carter (2004). First, in presenting their findings in the PSED these two researchers conclude that a high degree of race/ethnicity, gender, and age homophily exists in the networks of nascent entrepreneurs as they craft their new ventures in the start-up phase (Aldrich & Carter, 2004). The findings presented in this Chapter indicate that Ayesha and my network, in the start-up phase of 5i, was characterized by heterogeneity in each of these three vectors. Second, Aldrich & Carter (2004) indicate that “women turn to men in their business discussion networks, and men also depend almost entirely upon other men” (333). Ayesha and I, one woman and one man, were mainly turning to women for advice and resources. Finally, while the research findings presented in this Chapter concur with the statement that nascent entrepreneurs “tend to associate with others with similar values and interests”

(Aldrich & Carter, 2004: 325), the findings here disagree with the claim that networks, homogenous in interests and values, have “limited value to a nascent entrepreneur” (Aldrich & Carter, 2004: 325).

The arguments against homogeneity in strong ties emphasizes the downside of tie proximity, where an entrepreneur, embedded in a limited number of strong ties in the start-up phase of a venture, will be restricted to a relatively tight vicinity in her/his search for ideas and new business options as well as access to other resources (Ahuja & Lampert, 2001). The research presented here illustrates that although Ayesha and I had a diverse set of network ties in our constellation of strong ties in our start-up phase, if one were to look at them utilizing standard measures of ascribed demographic or achieved functional characteristics, we argue that shared programmatic values among our network partners was vital to our cohesion and its constituent benefits in information transfer, trust, and lowered cost of governance, thus challenging the notion that it is beneficial for entrepreneurs to have network ties that are heterogeneous in all vectors. The research presented in this Chapter encourages further investigation into the impact of heterogeneity and homogeneity of values held by actors in the TMT’s networks, especially in the start-up phase entrepreneurial new ventures. As discussed in the next subsection, these findings illustrate that a network that is homogeneous in regards to values has a number of benefits, when there is strong diversity in other ascribed demographic characteristics and achieved functional attributes in the network actors that preserve access to high marginal value. By engaging research methods that permit an in-depth look into the role shared cognitive characteristics can play, insights into, and conclusion made about, heterogeneity and homogeneity in network ties in the start-up phase of new ventures may be strengthened. Further, the findings here suggest that broadening the sample base to INVs and social enterprises that work across different segments of society in research on networks in the start-up phase of new ventures might challenge current findings concerning the likelihood of homophily in the networks of entrepreneurial actors in the start-up phase of new ventures and the gender of those who entrepreneurs turn to for advice.

2. Importance of Programmatic Values in a Network of Strong Ties

As introduced in the previous sub-section, despite the geographic, institutional, gender, age, and ethnic diversity in Ayesha and my dense network of core ties, our network partners were fairly homogenous in programmatic values. The findings in this Chapter illustrate 5i's core network of partners all worked in one way or another on social entrepreneurial approaches to encouraging rural development in low income regions of the world. Further, the findings show we subscribed to similar programmatic values in relation to the importance of supporting the development of locally-owned and operated micro-scale renewable energy and/or organic agriculture ventures and the strengthening of the capacity of local farmers and entrepreneurs to create such ventures. The findings presented in this Chapter illustrate how we translated these shared programmatic values into the proposals, awards, and contracts that formally bound us together in our work.

The findings presented in this Chapter also show how shared programmatic values built cohesion and engendered trust and open communications in Ayesha and my network relationships in the start-up phase of 5i. The ethical and competency trust Ayesha and I had in our network relationships with our strong ties and a dedicated set of weak ties is cited in this research as a critical enabling factor in 5i's start-up phase. We collaborated with partners whom we trusted and with whom we had positive past experiences. We found that when we engaged in reciprocal, preferential, and mutually supportive relations with a small set of strong partners and a close web of weak ties who shared in our programmatic values, we were more likely to succeed in developing our work. Ethical trust appeared at two levels in our relationships with network partners. First, at the business level, we trusted that our strong partners and core constellation of weak programmatic ties would not violate the sanctity of any business arrangement we had with them by trampling on our rights. We expected them to exercise goodwill towards us and to respect our interests. Second, at the level of programmatic values we trusted that a dedicated core sub-set of our strong ties would adhere to the basic mission that we and they agreed to which operated behind the work that we performed. This mission defined where we should go and what we should do in a meta-sense.

Evidence of competency trust is offered in our relationships with Roberto, Rahul, and Yi. We allowed these individuals, who we believed to be cognizant experts in their respective fields, to guide us in Brazil, China, and India respectively. They selected where we started our work in designing our programs in the geographic regions they knew well and charted our course in working with identified local organizations and communities. We trusted that they would open-up opportunities as professional development practitioners well-versed in the role social entrepreneurship can play in economic development. Both ethical and competency trust governed our relationships with these individuals, we didn't have contracts in the initial stages of our work, and even when we did write contracts for program operations, enforcement of any violations of such would have been difficult to detect and far too expensive and complex to prosecute.

In the previous chapter on TMTs, we saw how trust played a pivotal role in Ayesha and my relationship as a social mechanism that supported the initiation and internationalization of 5i. Similarly relational trust, again engendered by shared programmatic values and facilitated by open communications, was a key enabling agent in Ayesha and my relationships in our strong ties in our network relationship in the start-up phase of 5i. Trust assisted us in accessing the skills and competencies of our partners and in identifying opportunities, facilitating our entrance into new markets, and managing the work necessary to take 5i from through its' start-up phase. In this Chapter we show that strong relational trust in our network relationships, engendered by shared programmatic values, facilitated our capitalization on our skills and competencies to create innovative combinations by creating the solidarity necessary to open a space for experimentation; lowered transaction cost by reducing governance costs; expedited the accurate sharing of information and the formation of partnerships, moved us into new markets; and so on.

The advantage of strong forms of relational trust in entrepreneurship has been explored in previous research (e.g., Hohmann & Welter, 2005) and intrapreneurship (e.g., Zahra et al., 2006) and its role in creating the space for innovation, the development of new business

opportunities, and reducing transaction costs declared (Zahra et al., 2006). The ‘roots’ of trust in shared programmatic values has also been cited; “the propensity to trust is grounded on values and principles that are considered intrinsically desirable” (Jones & George, 1998 as cited in Howorth & Moro, 2006: 499) and Nooteboom (2002) shows its role in the promotion of cognitive alignment. However, the ‘roots’ and roles of trust in network relationships in social enterprises working across international borders has not been investigated. Such an investigation, presented here, extends the discussion of trust in two ways. First, it adds the role of shared programmatic values and the network partners who work together with them in strategic cognition and programmatic action to the list of social mechanisms facilitating the creation of trust in TMT relationships. Second, it illustrates the interplay of trust and programmatic values in the creation of cohesion in such relationships as an enabling agent that facilitates a new venture to go international from birth.

The research shows that the socialization process that occurred as we worked together with both our partners and clients involved the development of mutually acceptable norms of practice which established a strong foundation for our relationships and for constituent co-creation and delivery of our programs. We see that through dialogues and practices, Ayesha and I also worked through a commitment to the mission side of our work with each of our core network partners. The socialization process opened the space for the development of both a competency trust in our programmatic work and an ethical trust that further permitted us the autonomy and flexibility necessary to build our venture in uncertain environments.

As discussed in the findings section, repeated transactions within a small set of network partnerships are important in supporting the virtuous cycle identified by Bouty (2000). The research demonstrates that as more trust is created in 5i’s network partnerships, more cohesive relationships develop. The research in this Chapter shows that business behaviour regarded as inappropriate in a small, dense network such as ours was quickly detected and addressed. Trust was violated from time to time, as demonstrated in the case with Marco and the Palo Alto meeting of foundations, but when such violations occur they were discussed

openly and worked through so as not to be repeated. Our findings support the findings of Bruderl and Preisendorfer (1998) in arguing for a smaller dense network of strong ties over a larger loose network of weak ties. Denser patterns of relationships and richer interaction are required where information is uncertain and ambiguous (Bruderl & Preisendorfer, 1998). In the uncertain and dynamic environment in which 5i operated in the start-up phase, this research indicates that Ayesha and I found it was best to invest in the development of a tightly connected network structured around a core group of strong ties and a small, dedicated constellation of weak ties. This Chapter shows the benefits of building a deep, rather than a broad, network structure. This core group of strong and weak ties provided us with relatively easy access to critical resources.

In previous work, the mutual understanding between network partnerships usually revolves around a shared understanding of common business interests, and this shared understanding contributes to trust. For example, Hite (2005) finds that strong embedded ties in networks provide create a “safe platform and a unique vantage point from which to identify, recognize, evaluate, and refine new opportunities...They provide critical bridges to other individuals, facilitate reciprocal communications and exchange in regarding opportunities and resources...For emerging firms, this exchange through social capital is critical...” (115). The competency, and sometimes ethical, trust that is often the binding agent between such deeply embedded ties then is seen to facilitate communications and coordination facilitating rich information sharing and joint problem solving and reducing potential costs of governance and interaction (Gulati, 1995a.; Uzzi, 1997). Such network partnerships give start-ups working on innovative concepts in complex ambiguous and environments a crucial platform on which to experiment and develop innovative approaches (Dhanaraj & Parkhe, 2006; Uzzi, 1997). Thus, our findings are in agreement with Dhanaraj and Parkhe (2006); Gulati (1995a.); Hite (2005); and Uzzi (1997) in arguing that the most efficient network structure for entrepreneurial ventures working to develop innovative combinations in the start-up stage of their business is one centred on a dense set of strong embedded ties. What is new in these findings is how shared programmatic values and the trust and open communications they

engender function as a binding, and regulatory agent. Thus, the findings here contribute a new ingredient from the world of social enterprises, programmatic values, to the traditional recipe offered by researchers to explain the importance of strong ties.

5i's network relationships with our core group of both strong ties and a tight constellation of trusted weak ties, and the flows of resources within these relationships, were both dynamic and evolutionary. Our findings concur with those of Birley (1985), Singh et al. (1999), Hoang and Young (2000), and Hoang and Antoncic (2003) in concluding that there is a layering of different types of exchanges within our core set of network relationships with our strong ties. In the literature on networks, such layering is termed 'multiplexity' (Hoang & Antoncic, 2003). Building on earlier work by Hite and Hesterly (2001) and Uzzi and Gillespie (2002), Hite (2005) illustrates the evolution of an emerging firm's embedded network ties influences the flow of resources across the firm's boundaries over time and the components of social relationships that facilitate the evolution of the embeddedness of the network ties.

However, Hite (2005) fails to look at the issue of shared values in creating cohesion in social relationships. This is a significant oversight. As this research illustrates, consideration of values can provide insights into how trust and other factors, she finds as essential elements in social processes she posits as key to evolutionary dynamics of networks, develop and are integrate as binding agents in the creation of strongly embedded ties. Certainly, if the role of shared values in the creation of trust were ignored in matters in 5i's evolution such as opportunity discovery, recognition, and refinement; resource acquisition; and relational governance - matters of interest to Hite (2005) - much would be missing. Hite (2005) is not alone in missing the role of values in network relationships. For example, Parkhe, Wasserman, and Ralston (2006) in their introduction to the recent issue of the *Academy of Management Review* (AMR) exploring new movements in network theory, mention values as an area for research when calling out ways in which social science can advance the study of relationships among actors in a network. Unfortunately, none of the articles in the issue of AMR introduced by Parkhe, Wasserman, and Ralston (2006) includes a full discussion of the

role of values. Even in the classic work on network relationships by Uzzi (1997) there is not a mention of the role of values in the “close or special relationships” he finds between entrepreneurial firms in the garment industry.

3. The Positive Side of Heuristics

Nebus (2006) presents a theory that predicts how actors select and retain ties in an intellectual task-related network and how such choices are instrumental in achieving a desired outcome.

The research offered by Nebus (2006) is relevant in consideration of the findings in this Chapter as he offers an individual choice model in network development and focuses on achieving desired outcomes in building networks related to the execution of non-routine, complex tasks. The findings in this Chapter reveal how individual actors, in this case Ayesha and I, developed our network to execute the complex tasks that confronted 5i as a social consulting practice working to create micro-scale sustainable business in rural regions of Brazil, China, and India. Nebus’s (2006) model incorporates a consideration of heuristics - cognitive shortcuts often based on a predilection to assume the best when interpreting another’s motives and actions (Uzzi, 1997) - relevant in discussing these findings. In the research in this Chapter there are practical examples of how Ayesha and I put to use heuristics as a result of our strong belief in the power of the programmatic values we shared with our network partners. The findings show us taking cognitive shortcuts with our network contacts in developing and evaluating opportunities, based on our belief that our shared programmatic values would govern the quality of the transaction. For example, Ayesha and I knew little about China when we first opened 5i in October 2003, yet in the same month we agreed to invest our time and resources to do some initial work there with an entity we knew little about. We skipped the due diligence that would have been prudent, we certainly did not have the knowledge or experience base to judge a partner and develop programs in China, and simply went to China because we trusted the broker who introduced us and thought he would connect us to a partner with whom we would share programmatic values. We knew he and we shared similar programmatic values and were well aware of their importance to us. In this case, our use of heuristics paid off, without investing very much time or resources we created

a relationship with a new partner that strengthened over the course of the start-up phase. This use of heuristics based in shared programmatic bonds served us well, but when we faltered, and attempted to use heuristics in contracting service providers, we ended up in a difficult situation. The situation is discussed below, however the discussion here, as well as in the next section on the negative side of network relationships, illustrates that it might be important to anchor the potent theoretical discussion of heuristics delivered by Nebus (2006) in a few real world case studies. His model is an excellent start, but could benefit from testing through case work so that issues such as shared values are not missed when considering how actors optimize pathways in network development.

4. Devolution of Network Ties

While the benefits of entering into network relationships are well documented in the literature (e.g. Hite, 2005; Uzzi, 1996, 1997, 1999) and in this Chapter, the research presented here also offers a view into the potential liabilities in network relationships. This research illustrates three devolutions in network relationships that Ayesha and I cited as critical challenges in the start-up phase of 5i, the disintegration of two weak ties (Jitender & Mustkin) and the conversion of a strong tie into an institutional weak tie that then dissolves (IKF). The negative side of network relationships in the creation of new ventures has received scant attention in the literature (Zahra, Yavuz, & Ucbasaran, 2006; Labianca & Brass, 2006). Recently Zahra et al. (2006) and Labianca and Brass (2006) presented theoretical works that posit the downside of network relationships, attempting to begin to address the gap. Zahra et al. (2006) focused on exploring the possibilities for what they term the ‘dark side’ of relationships in each stage of the new business creation process in established companies. Their research concentrates on positing the possible dysfunctional roles trust can play in creating such new business operations. Labianca and Brass (2006) review the theory and research relative to the power of negative relationships in networks and the present theoretical models for the considerations of such. The research presented by both Labianca and Brass (2006) and Zahra et al. (2006) is in the theoretical realm. Although such works help us consider how to look at the negative side of network relations, they do not offer specific

findings from the negative or dark side of network relations, nor address the matter of such with specific reference to the start-up phase of new ventures.

The theoretical consideration by Zahra et al. (2006) of the negative role of relational trust applies directly to the findings presented in this research. Zahra et al. (2006) put to use previous findings in the literature to explain how entrepreneurs, operating in environments of uncertainty and lack of information, are, more likely than corporate managers, to rely on heuristics to permit them to identify opportunities and make quick decisions in such environments. The research in this Chapter shows that Ayesha and I used heuristics to guide us in the choice of network contacts. Examples that illustrate the positive benefits of utilizing heuristics have been presented in the previous sub-section. However, (Zahra et al., 2006) posit that “When heuristic-based information processing prevails, accuracy is often compromised.” The downside to using heuristics can be seen in the findings presented in this Chapter by examining the case of the development of our relationship with Jitender and Mustkin, the senior partners in MML and MMCA, the law and accounting firms 5i contracted in the start-up phase. As the dialogues in this Chapter reveal, Ayesha’s father and brother-in-law referenced us to Jitender. They were brokering us to someone who they thought was technically competent. We did not however share in programmatic values with these two brokers and they did not reference us to a person who they believed shared in our programmatic values. Although we reviewed the qualifications of MML, considered two other firms, and discussed Jitender with a former employee before making a final decision, we did not exercise the due diligence we should have in selecting these firms. We simply took a short cut, relying on relational trust in a deeply connected broker, to identify talent in an area we knew little about. Jitender then referenced us to his brother Mustkin and MMCA, and we took this short cut, although again we did review a few other accounting firms. In accordance with the theoretical model developed by Zahra et al. (2006), the excessive confidence Ayesha and I placed in relational trust, exhibited in our referral to heuristics to connect with a lawyer and accountant, raised the cost of creating our new business venture as we had to continually deal with the mistakes that were made by the MML and MMCA - mistakes that almost cost us

our company and made us step over our own ethical thresholds - and then had to build new relationships with other providers.

This research illustrates that when we used heuristics in relation to connecting with programmatic partners it worked to our benefit; we reduced the time necessary to capture a transaction. The example of China cited in the previous section is not the only incidence where the use of heuristics worked in our favour, similar situations occurred in developing our work in Brazil and India. Although we were far more familiar with the contexts in these situations, we did not have the resources or capability to do the due diligence necessary to review potential partners and opportunities before bidding on work and certainly did not acquire the in-depth market knowledge Johanson and Valhne (1977; 1990) posit in modelling the process of firm entrance into international markets. However as the cases of Jitender, Mustkin, and IKF reveal, we add field data to the theoretical constructions of Zahra et al (2006), in demonstrating that we were also subject to the downside created by relying on heuristics. In considering these cases, this research adds another factor to consider when developing theoretical constructs on the downside of network contacts. Ayesha and I pointed out in our dialogues that in the three cases where a network contact went bad, they did not share programmatic values with us. In the successful cases where we used heuristics to guide us in selection of partners and program opportunities in Brazil, China, and India we knew that the broker shared a set of similar programmatic values. Thus, the findings here open a conversation on the importance of congruency in shared programmatic values in the use of heuristics in governing decisions on network partnerships. The research delivered in this Chapter illustrates that if Ayesha and I shared programmatic values with a network partner, weak or strong, the relationship stayed net positive. Further, in the multiple cases where we were introduced to a partner by someone with who shared in our programmatic values, heuristics worked for us. In the three cases where we utilized heuristic techniques in identifying a network partner where we did *not* share programmatic values with the broker or the partner, we ended-up in a difficult position. Thus, the findings presented here, first, add a prosaic perspective expanding the theoretical considerations presented by both Labianca and

Brass (2006) and Zahra et al. (2006); and second, these findings illustrate that consideration should be given to shared programmatic values, and other values, in understanding the potential payoff from the use of heuristics in developing network relationships in the start-up stage of a new social enterprise.

4. Networks and Instant Internationalization

Two theoretical threads in the emerging literature on internationalization relate directly to the findings posited here on the role of networks in the internationalization process of a new venture, delivering social entrepreneurial consulting services, that goes international from birth. In this section, a conversation is created with these two theoretical threads. The first thread is spun by Oviatt and McDougall (2005) in their research modelling the influence of network structures as a variable in considering the speed of internationalization and the second, put forward by Boojihawon (2004), models the role of networks in the internationalization of small-scale service firms.

Network structures and the speed of internationalization: Oviatt and McDougall (2005: 545) note that “we believe strong ties are not the most important type for internationalization. Weak ties are. They are relationships between customers, suppliers, and others that are friendly and business-like.” These two researchers present an argument in favour of the superiority of devoting resources to the development of weak ties resting on the perception that engagement with a significant numbers of weak ties can be accomplished rapidly, as they require less investment than strong ties, and therefore broad networks can be built with limited resource stocks offering the potential for generating a greater range of new ideas and other resources. Following from this logic, the speed of internationalization in the model offered by Oviatt and McDougall (2005) posits that the more cross border weak ties that a founding entrepreneur has established, the greater the potential scope of internationalization and the greater the possible speed for increasing scope. Oviatt and McDougall (2005) claim that entrepreneurs who focus limited resources on the development of large networks of weak ties are more likely to record faster venture internationalization and more rapid increase in

scope. Such large networks with constellations of weak ties are seen by these two researchers to facilitate increased access to revenue from foreign sources and therefore facilitate a more rapid commitment to internationalization.

However, Oviatt and McDougall (2005) find that emerging INVs are most dependent on strong ties in the start-up phase. The findings presented in this Chapter argue that for entrepreneurs, starting new ventures with limited assets, strong ties and the exchanges that flow through them can be critical for accessing and mobilizing needed resources that might not be accessible or affordable to them under more traditional forms of market exchange. The research findings here illustrate how programmatic values in Ayesha and my relationships with strong ties created a safe space (see discussion in sub-section two of this section) in which we were able to work across international borders from birth. As the first sub-section in this section argues, the programmatic values we shared with our network partners, and the trust their realization in our work together then engendered, opened spaces for experimentation and learning removed from the immediate demands of the market, lowered transactions costs, and facilitated the flow of information between us. This research thus adds the importance of programmatic values as an agent in creating cohesive conditions in international networks and shows how such cohesions work to help a venture internationalize from birth.

Modelling the role of networks in the internationalization of small-scale consulting service organizations: Boojihawon (2004) offers the only theoretical model known to this author that covers the role of networks in the internationalization of small-scale service firms. There are also only two other research works (i.e., Bjorkmann & Kock, 1997; O'Farrell, Wood, & Zheng, 1998) known to this author that investigate networks in the internationalization of small-scale service firms. The theoretical framework proposed by Boojihawon (2004) intersects with the findings presented in this Chapter in: first, integrating a behavioural perspective as a critical ingredient in studying networks in small service sector INVs; second, arguing for an evolutionary and dynamic view in the development of networks in subject

INVs; third, emphasizing the importance of interpersonal or organizational relationships in subject firms' internationalization; fourth, declaring that local circumstances make a difference, the unique characteristics of service firms influence transactional dynamics; and fifth, opening the possibility for consideration of the evolution of INV programs through unstructured interactions. The research on 5i illustrates that all five elements in Boojihawon's (2004) theoretical framework operate within the context of 5i in its start-up phase. What Boojihawon's (2004) model, and his presentation of the case study on Brusselslinks, does not include is a space for the moderating roles of values in relationships under point three, the findings here offer this addition to the theoretical model.

Section V: Closing Remarks

This Chapter presents dimensions of Ayesha and my network relationship that we interpret as critical enabling conditions and challenges in the start-up phase of 5i. As we built our firm in the uncertain conditions that were characteristic of the markets in which we operated, interpersonal relationships with a core group of strong ties and a small, tight constellation of weak ties were essential. Our movement from inception into foreign markets, growth in our domestic market, and sourcing of clients overseas, were all predicated on the development of relationships with partners and clients and on the constituent trust that permitted the flows of tacit knowledge and know-how, allowing for the autonomy and flexibility we required to deliver innovative economic development programs in target rural regions of Brazil, China, and India. The stories of our network relationships brought forward in this Chapter and the work to provoke them for grounded pragmatic contributions to theory, add a narrative to the emerging research stream on the network perspective in social and international entrepreneurship and some theoretical insights that help strengthen the nascent theoretical work related to these fields.

Network theory itself can benefit from integration with other perspectives; in this Chapter we also see how the study of social entrepreneurship and internationalization can be integrated with network theory to enrich theory development. The findings in this Chapter illustrate that

shared programmatic values can facilitate relational trust and open communications in network relationships that permit both the recognition of program opportunities, rapid movement across international borders to translate those opportunities into operations, and efficient governance structures and rich transfer of information necessary for effective implementation as well as access to the bidding opportunities, contracts, and capital required to execute such programs. When programmatic values are not shared, there is a heavy price to pay and the dark side of network relationships reveals itself. This Chapter thus adds to both sides of the ‘social ledger’ showing liabilities and benefits in network relationships, illustrating the upside possible when programmatic values are shared, particularly in facilitating the rapid internationalization in new ventures, and the downside when programmatic values are not shared and network relationships disintegrate.

In closing, it is hoped that by linking the stories in this Chapter with those in the previous chapter on Ayesha and my relationship as 5i’s TMT, a ‘thick’ description of, and some new findings on the role of social processes in the start-up phase of new social enterprise reaching across international borders ‘from birth’ are unfurled for the reader. Parkhe, Wasserman, and Ralston (2006) state that in order to unlock its full potential, network theory needs to be strengthened, and linked more closely to “real-world industries, companies, and managerial situations” (562). In focusing on the prosaic, elementary process through which network relationships are forged and managed in the start-up phase of 5i, this Chapter presents research that is a step in this direction.

CHAPTER FIVE: PRAGMATIC THEORETICAL THREADS, IMPLICATIONS FOR PRACTICE, LIMITATIONS, AND DIRECTIONS FOR FUTURE RESEARCH

This thesis presents the enabling conditions and challenges Ayesha and I interpreted as critical in the start-up phase of 5i. We find such critical challenges and enabling conditions within our internal (team) and external (network) relationships. Based on the exploration and discussion of these relationships in the previous chapters, this section offers three pragmatic theoretical threads that contribute to our understanding of the roles of TMT and network relationships in the creation of social enterprises that move across international borders from birth. The first thread opens a space in the international entrepreneurship literature for the consideration of shared values in the TMT and network relationships in the venture creation processes in enterprises that go global from birth. In the second thread, the boundaries of our current understanding of heterogeneity and homogeneity in network and TMT relationships is challenged with interpretive findings that push us to expand the sample base and methodological approach when investigating the role of the characteristics of entrepreneurs and actors in their network. Finally, consideration of the liabilities in a new venture's 'social ledger' (Labianca & Brass, 2006) are expanded through a look into the negative side of network relationships in 5i's creation.

Each of the three common pragmatic theoretical threads offers new contributions to understanding the role of social systems in the creation of social enterprises that work across international borders from birth. This Chapter begins with a discussion of these threads and their links with current relevant theoretical research. Implications of the findings in this thesis for practice follow. Limitations of this research are then presented along with an outline of directions for future research. A few final comments are then offered in closing this Chapter and the thesis.

Section I: Pragmatic Theoretical Threads

The three common pragmatic theoretical threads contributed in this thesis, grounded in Ayesha and my interpretive accounts of 5i's start-up phase, are discussed below.

THREAD ONE: The research presented in this thesis considers the role of shared values in facilitating cohesion in 5i's movement across international borders from birth. Chapters Three and Four each present relationships where shared values are active as binding agents in creating cohesion in the social systems of 5i. In Chapter Three, we see the role of shared values in Ayesha and my relationship as 5i's TMT and, in Chapter Four, we see their role in our relationship with our core set of strong, and a tight constellation of weak, ties in our network. Although the role of trust, and to a far lesser extent values, as binding agents in network and TMT relationships have been explored in the literature on venture creation, this research extends our knowledge of these social constructs by illustrating how shared values, and the trust they engender, create cohesion in both TMT and network relationships of a new social enterprise critical to that enterprise's movement across international borders from birth.

As a for-profit social enterprise, 5i works to deliver both commercial and social results. The investigation of social processes in a for-profit social enterprise falls into the cracks between two streams in academic literature, one treating non-profits and the other for-profits. This thesis illustrates that by looking into the shared values that underpin the social objectives in 5i's mission, a unique perspective on the start-up phase of a new venture is offered. The research presented here argues that the synergy created by shared mission-related values, first in Ayesha and my relationship as 5i's TMT, and, then in our relationship with our network partners, was a critical enabling factor for us in the start-up phase of 5i.

The role of mission-related values in network and TMT relationships in the start-up phase of for-profit social enterprise is not given much attention in the entrepreneurship literature. The entrepreneurship literature deals principally with the creation process in firms whose work is primarily based on commercial principles. The findings in this thesis open a place for the

consideration of the creation of social enterprises in entrepreneurship research and posit the practical and grounded pragmatic theoretical significance of the mission-related values in facilitating the internationalization of such social enterprise from birth. A summary of the pragmatic theoretical considerations and connections to the relevant theoretical literature, first in regards to the role of shared values in TMTs, and then in regards to the same in network relationships, is provided below.

Binding in the TMT Relationship: Ayesha and my internal and external dialogues, and my work with grounded theory methods, revealed how our values in common, and the movement of these values, first into our strategy for 5i, and then into our work, created a virtuous evolutionary spiral. Our strong sense of belonging together in 5i, reached through consensus in our mission, built around Ayesha and my affinity for similar values (e.g., a ‘soft paths’ approach the rural development; the importance of farmer solidarity in social justice), a shared desire to build a company in accordance with these values, the delivery of our values into business concepts through strategic cognition practiced jointly, and the high levels of ethical and competency trust and open communications work, under a framework of shared values engendered between us, together created a stable and solid base for our relationship as 5i’s TMT and for our work together. The research presented in this thesis illustrates how the cohesive collective dynamic in Ayesha and my relationship, as the TMT in 5i, had a direct impact as an enabling condition for our firm in the start-up phase. These findings provoke the extension of the conversation on the role of values in TMT relationships to include the consideration of mission-related values offered in a social enterprise. The research in this thesis argues that as Ayesha and my individual social values were engaged in defining our strategic cognition and further affinity in our values recognized, and then those shared values were brought into, and enacted in, our program action over the course of the start-up phase of 5i, a strong sense of ethical and competency trust was promoted, greater information sharing took place, and a shared sense of purpose resulted. Our relationship emerged as a tightly knit social structure. In the complex, rapidly changing, ambiguous international environment in

which Ayesha and I operated in the start-up phase of 5i, our tightly bound relationship was critical.

Previous studies have suggested that social interaction in entrepreneurial TMTs can play an important role in the start-up phase of new ventures (Coopers & Daily, 1996; Ensley, 1997; Francis & Sandberg, 2000; Ruef, Aldrich, & Carter, 2003). Theories exploring the impact of social processes in TMT relationships on cohesion, potency, and consensus in commercial ventures are now well defined (e.g., Amason, 1996; Amason & Sapienza, 1997; Ensley & Pearson, 2005; Ensley, Pearson, & Amason, 2002). Research on family firms has looked into the role of non-commercial values in commercial enterprises (e.g. Chrisman, Chua, & Litz 2003; Chrisman, Chua, & Steier, 2003; Davis and Harveston, 2001; Ensley and Pearson, 2005; Haugh, 2003; Zahra, 2003, 2005). Recent work on family firms has also yielded insights into the role of social interactions, including trust and sharing of values, in TMTs (e.g., Davis and Harveston, 2001; Ensley & Pearson, 2005; Habbershon, Williams, & MacMillan, 2003). Davis and Harveston (2001) and Ensley and Pearson (2005) both find that the articulation of, and then work together in accordance with, shared non-commercial ‘family’ values, in closely knit family firms promotes trust through greater information sharing and shared sense of purpose. These researchers argue that TMTs in such firms exhibit far greater cohesion than TMTs in family firms where there is not such a strong sense of shared of values. The theoretical findings here parallel those offered from research on family firms illustrating the cohesion, brought about by shared values experienced in closely knit TMT teams, but adds the dimension that the knitting of such can be done through a commitment to, and work under, the programmatic values defined in the mission of a social enterprise.

This research also demonstrates that our tightly knitted relationship assists 5i in going international from birth. The research in this thesis shows that in our start-up phase, 5i’s business consisted of designing new products and services, launching new programs, identifying and winning new clients, and creating new markets through innovation across

multiple national borders. In the turbulent, complex, ambiguous environment in which Ayesha and I operated in 5i's start-up phase there was a tremendous amount of uncertainty surrounding what we did. Ayesha and I needed to remain flexible, able to adapt quickly in a volatile, complex market. Modelling the speed of internationalization of small, new ventures in such complex spaces is argued to be an important focus of research in international entrepreneurship (Autio, Sapienza, & Almeida, 2000; Jones & Dimitratos, 2004; Oviatt & McDougall, 2005) as there may be advantages in firm-level performance in internationalizing at a rapid pace (Autio, Sapienza, & Almeida, 2000). However, Oviatt and McDougall (2005) present the only theoretical model, known to this author, that deals holistically with a set of factors (environment, industry conditions, & entrepreneurial thinking) in governing the rate of internationalization through networks in new firms that internationalize close to birth. Other researchers have dealt with components used to construct this model (see collections in Dana, 2004; Jones & Dimitratos, 2004). Researchers have also examined how the stockpiles of functional attributes and ascribed characteristics brought into a new venture by founding TMTs reflect on internationalization (e.g., Carpenter & Frederickson, 2001; Reuber & Fischer, 1997; Shrader, Oviatt, & McDougall, 2000; Zahra & George, 2002). The findings in this research support the argument of a number of researchers who claim such characteristics can facilitate rapid internationalization (e.g. Reuber & Fischer, 1997; Shrader, Oviatt, & McDougall, 2000).

However, the bulk of the past research on TMTs related to international entrepreneurship decontextualizes the TMT from the firm they manage, thus it fails to "account for the idiosyncratic nature of each firm's strategy and the social structure of the TMT" (Carpenter, 2002: 3) and, there is little case specific research that looks into the relationship in the TMT and its impact on internationalization at the firm level. The research on TMT relationships in firms that internationalize instantly appears to be restricted to what can loosely be termed 'the learning process' and 'knowledge management' (e.g. Bell, McNaughton, Young, & Crick, 2003; Inkpen & Beeamish, 1997; Oviatt & McDougall, 2005) and the development of network relations, treated in the next sub-section. Surprisingly, given the emphasis in

international entrepreneurship on “firm-level behaviour that creates value” (Jones & Dimitratos, 2004: 3) there is no research known to this author that looks into the role of values and trust as enabling forces in the processes of firms that internationalization from birth. This is a serious gap in the literature.

The findings presented here illustrate that a high level of shared social values in the TMT relationship in a social enterprise resulted in strategic consensus and operational cohesion that was critical in facilitating the internationalization of a new firm from birth. As such, this research adds shared mission-related values as one set of circumstances that can engender cohesion and potency in a social entrepreneurial INV that facilitates it to go international early in the start-up stage. There appears to be little attention given to the role of shared values in the TMT relationship in facilitating a firm’s movement across international borders from birth. In documenting the case of 5i, this thesis opens a view into how shared mission-related values in a TMT, and the trust and communications they engender, enables a new firm to cross international borders from birth. Shared mission-related values and in-depth competency and ethical trust in the TMT of 5i are shown to be a critical enabling factor in the firm’s instant internationalization. Future research into, and modelling of, the internationalization process may want to investigate the role of shared values in the TMT relationship.

Knitting Together Our Network Relationships: The findings presented in Chapter Four show how shared mission-related values built cohesion and engendered trust and open communications in Ayesha and my network relationships in the start-up phase of 5i. We trusted that our strong ties would adhere to 5i’s basic mission that we and they agreed to when entering into work and which underpinned the work we performed together. Our mission defined where we should go and what we should do together in a meta-sense. The research presented here demonstrates that we allowed partners, with whom we shared programmatic values, to guide us in Brazil, China, and India, for example, in the selection of where we worked and in charting our course in working with local organizations and communities they

identified. On the client side, for example, once GHF was comfortable that our values were instinctive they gave us the freedom to create operations as we saw fit. The research also shows that when we shared programmatic values with our network ties we engaged in reciprocal, preferential, and mutually supportive relations, and found that we were more likely to succeed in developing work together.

This thesis illustrates that by constantly engaging with both our partners and clients in our thoughts and programs, Ayesha and I opened the opportunity for them to discuss, and see and feel first-hand, what we were doing together and why we were doing it. The research shows that the socialization process that occurred as we worked together involved the development of mutually acceptable norms of practice, within a framework of the shared programmatic values that defined 5i's mission, which established a strong foundation for our relationships and for constituent co-creation and delivery of programs. The socialization process opened the space for the development of both a competency trust in programmatic work and an ethical trust that further permitted the autonomy and flexibility necessary to work together in uncertain environments. The research in this thesis also shows that business behaviour regarded as inappropriate in a small network of core partners, such as ours, was quickly detected and addressed.

Relational trust, engendered by shared values and facilitated by open communications, was a key enabling agent in Ayesha and my relationships with our strong ties in the start-up phase of 5i. This research shows that trust in our community of strong network ties assisted us in accessing the skills and competencies of our partners and in identifying opportunities, facilitating our entrance into new markets, and managing the work necessary to take 5i through its' start-up phase. In Chapter Four we show that strong relational trust with our core set of strong and close constellation of weak partner, engendered by shared programmatic values, facilitated capitalization on the skills and competencies to create innovative combinations by creating the solidarity necessary to open a space for experimentation; lowered transaction cost by reducing governance costs; expedited the accurate sharing of

information and the formation of partnerships, moved us into new markets; and so on. We trusted that our network partners would open-up opportunities as professional development practitioners well-versed in the role social entrepreneurship can play in economic development. Both ethical and competency trust governed our relationships, we didn't have contracts in the initial stages of our work together in Brazil, China, or India. Further, we developed the scope for our work together in partnership. Even when we did write contracts for program operations, enforcement of any violations of such would have been difficult to detect and far too expensive and complex to prosecute. This research demonstrates that we trusted in their ethics and competency.

The advantage of strong forms of relational trust in entrepreneurship has been explored in previous research (e.g., Hohmann & Welter, 2005) and intrapreneurship (e.g., Zahra et al., 2006) and its role in creating the space for innovation, the development of new business opportunities, and reducing transaction costs declared (Zahra et al., 2006). The 'roots' of trust in shared values has also been cited; "the propensity to trust is grounded on values and principles that are considered intrinsically desirable" (Jones & George, 1998 as cited in Howorth & Moro, 2006: 499) and Nooteboom (2002) shows its role in the promotion of cognitive alignment. However, the 'roots' and roles of trust in network relationships in social enterprises working across international borders has not been investigated. Such an investigation, presented here, extends the discussion of the roles of values and trust in two ways: first, it adds the role of shared programmatic values and the network partners work together with them in strategic cognition and programmatic action to the list of social mechanisms facilitating the creation of trust in network relationships; and, second, illustrates the interplay of trust and programmatic values in the creation of cohesion in such relationships as an enabling agent that facilitated a new venture to go international from birth, as we will see below.

In previous work, the mutual understanding between network partnerships usually revolves around a shared understanding of common business interests, and this shared understanding

contributes to trust. For example, Hite (2005) finds that strong embedded ties in networks provide create a “safe platform and a unique vantage point from which to identify, recognize, evaluate, and refine new opportunities...They provide critical bridges to other individuals, facilitate reciprocal communications and exchange in regarding opportunities and resources...For emerging firms, this exchange through social capital is critical...” (115). The competency, and sometimes ethical, trust that is often the binding agent between such deeply embedded ties then is seen to facilitate communications and coordination facilitating rich information sharing and joint problem solving and reducing potential costs of governance and interaction (Gulati, 1995a.; Uzzi, 1997). Such network partnerships give start-ups working on innovative concepts in complex ambiguous and environments a crucial platform on which to experiment and develop innovative approaches (Dhanaraj & Parkhe, 2006; Uzzi, 1997). Our findings are in agreement with Dhanaraj and Parkhe (2006); Gulati (1995a.); Hite (2005); and Uzzi (1997) in arguing that the most efficient network structure for entrepreneurial ventures working to develop innovative combinations, in complex environments such as the start-up stage of their business, is one centred on a trusted set of deeply embedded strong ties. Thus, the findings here contribute a new ingredient from the world of social enterprises, in programmatic values, to the traditional recipe offered by researchers to explain the importance of strong ties for firms attempting to innovate in complex environments. What is also new in these findings is how shared values, and the trust and open communications they engender, function as a binding, and regulatory agent in facilitating rapid internationalization, a topic addressed later in this section.

5i's network relationships with our core group of both strong ties and a tight constellation of trusted weak ties, and the flows of resources within these relationships, were both dynamic and evolutionary. Our findings concur with those of Birley (1985), Singh et al. (1999), Hoang and Young (2000), and Hoang and Antoncic (2003) in concluding that there is a layering of different types of exchanges within our core set of network relationships with our strong ties. Building on earlier work by Hite and Hesterly (2001) and Uzzi and Gillespie (2002), Hite (2005) illustrates how the evolution of an emerging firm's embedded network ties influences

the flow of resources across the firm's boundaries over time and examines the components of social relationships that facilitate the evolution of the embeddedness of the network ties.

However, Hite (2005) fails to look at the issue of shared values in creating cohesion in social relationships. As Hite (2005) charts relational embeddedness, the consideration of the role of shared values might enrich the discussion of the antecedents of trust. Certainly, if the role of shared values in the creation of trust were ignored in matters in 5i's evolution, such as opportunity discovery, recognition, and refinement, resource acquisition, and relational governance, much would be missing. Hite (2005) is not alone in missing the role of values in network relationships. For example, Parkhe, Wasserman, and Ralston (2006), in their introduction to the recent issue of the *Academy of Management Review* (AMR) exploring new movements in network theory, mention values as an area for research when calling out ways in which social science can advance the study of relationships among actors in a network. Unfortunately, none of the articles in the issue of AMR they introduce includes a full discussion of the role of values in network relationships. Even Uzzi (1997), in his classic work on network relationships, does not a mention of the role of values in the "close or special relationships" he finds between entrepreneurial firms in the garment industry.

Shared mission-related values played a key role in 5i's network relationships as enabling conditions that facilitated the rapid internationalization of the firm, as hinted to in the previous discussion. Oviatt and McDougall (2005: 545) note that "we believe strong ties are not the most important type for internationalization. Weak ties are. They are relationships between customers, suppliers, and others that are friendly and business-like." These two researchers present an arguments in favour of the superiority of devoting resources to the development of weak ties to facilitate internationalization, resting on the perception that engagement with a significant numbers of weak ties can be accomplished rapidly, as they require less investment than strong ties, and therefore broad networks can be built with limited resource stocks offering the potential for generating a greater range of new ideas and other resources.

Following from this logic, the speed of internationalization in the model offered by Oviatt and McDougall (2005) posits that the more cross border weak ties that a founding entrepreneur

has established, the greater the potential scope of internationalization and the greater the possible speed for increasing scope. Oviatt and McDougall (2005) claim that entrepreneurs who focus limited resources on the development of large networks of weak ties are more likely to record faster venture internationalization and more rapid increase in scope.

However, Oviatt and McDougall (2005) find that emerging INVs are most dependent on strong ties in the start-up phase. The findings presented in Chapter Four argue that for entrepreneurs, starting new ventures with limited assets, strong ties and the exchanges that flow through them can be critical for accessing and mobilizing needed resources that might not be accessible or affordable to them under more traditional forms of market exchange. Our findings support those of Bruderl and Preisendorfer (1998) in arguing for a smaller dense network of strong ties over a larger loose network of weak ties. Denser patterns of relationships and richer interaction are required where information is uncertain and ambiguous (Bruderl & Preisendorfer, 1998). As previously discussed, in the uncertain and dynamic environment in which 5i operated in the start-up phase, this research indicates that Ayesha and I found it was best to invest in the development of a tightly connected network structured around a core group of strong ties and a small, dedicated constellation of weak ties. The research presented in this thesis illustrates how the sharing of values in Ayesha and my relationships with strong ties created a safe space in which we were able to work together across international borders from birth. The values we shared with our network partners, and the trust their realization in our work together then engendered, opened spaces for experimentation and learning removed from the immediate demands of the market, lowered transactions costs, and facilitated the flow of information between us. This research thus adds the importance of shared values as an agent in creating cohesive conditions in international networks and shows how such cohesions work to help a venture internationalize from birth.

Knitting Together the Pieces: In 5i, the sharing of programmatic values, and the trust and open communications such engendered, in pursuit of the social objectives in our mission facilitated the tight knitting of the relationship bonds between Ayesha and me as the firm's

TMT and between us and our core network contacts. The unique dynamics created by the sharing of values in our movement towards social goals in a social enterprise resulted in a high level of cohesion. The research presented here argues that the synergy created by shared mission-related values in Ayesha and my relationship was one critical enabling factor in our start-up phase. This research illustrates how sharing of such values created social processes in our relationships that facilitated 5i's move across international borders from birth and the firm's growth in its start-up phase.

THREAD TWO: The research presented here challenges traditional notions of the impact of heterogeneity and homogeneity in TMT and network relationships. Aldrich and Carter (2004) argue that “diversity in network ties is crucial for nascent entrepreneurs, as diversity increases access to a wider circle of information about potential new markets, new business locations, innovations, sources of capital, and potential investors” (325). The arguments against homogeneity in the TMT relationships, and in a homogenous set of network ties, in the start-up phase of a new venture, emphasizes the downside of intellectual proximity, whereby an entrepreneur, embedded in homogenous relationships, will be restricted to a relatively tight vicinity in her/his search for ideas and new business options as well as access to other resources (Ahuja & Lampert, 2001).

In examining the small set of the actors Ayesha and I believe to be critical in our network during our start-up phase, our network was diverse. The findings in this thesis illustrate that this diverse core set of ties, and Ayesha and my diverse functional attributes and ascribed demographic characteristics, helped 5i to access the resources necessary to develop and execute a wide range of opportunities without having to reach into an extensive web of weak ties. However, the findings in this research challenge three of the conclusions made by Aldrich and Carter (2004). First, Aldrich and Carter (2004) conclude that a high degree of race/ethnicity, gender, and age *homophily* exists in the networks of nascent entrepreneurs as they craft their new ventures in the start-up phase. The findings presented in this Chapter indicate that Ayesha and my network, in the start-up phase of 5i, was characterized by

heterogeneity in each of these three vectors. Second, Aldrich & Carter (2004) indicate that “women turn to men in their business discussion networks, and men also depend almost entirely upon other men” (333). Ayesha and I, one woman and one man, were mainly turning to women for advice and resources. Finally, while the research findings presented in this thesis concur with the statement that nascent entrepreneurs “tend to associate with others with similar values and interests” (Aldrich & Carter, 2004: 325), the findings here respectfully disagree with the findings of Aldrich and Carter (2004) that indicate that networks, homogenous in interests and values, have “limited value to a nascent entrepreneur” (325).

This thesis also challenges the research of Priem (1990) and Hambrick and Mason (1984), both as cited in Nordqvist (2005), that supports the notion that a higher level of TMT heterogeneity in dynamic environments works to enable higher performance. This research demonstrates how in 5i, a firm with few capital assets looking to reach across international borders from birth, heterogeneity in functional attributes in our TMT and network ties was important, but homogeneity in values was a vital enabling agent. This research argues that although Ayesha and I had a diverse set of network ties in our constellation of strong ties in our start-up phase, if one were to look at them utilizing standard measures of ascribed demographic or achieved functional characteristics, the shared values in our TMT and among the actors in our network ties was vital to our cohesion and its constituent benefits in information transfer, trust, and lowered cost of governance. Thus, I challenge the notion that it is beneficial for entrepreneurs to have network ties that are heterogeneous in *all* vectors.

The research presented here encourages further investigation into the impact of heterogeneity and homogeneity of values held by actors in both TMTs and networks in the start-up phase of entrepreneurial new ventures. These findings illustrate that TMTs and networks with actors who are homogeneous in regards to values have a number of benefits, when there is strong diversity in other ascribed demographic characteristics and achieved functional attributes and the work of the network is ambiguous, fast-paced, and complex. This thesis posits that by engaging in research methods that permit an in-depth look into the role shared cognitive

characteristics can play, insights into, and conclusions made about, heterogeneity and homogeneity in network ties in the start-up phase of new ventures may be strengthened. Further, the findings here suggest that in research on network in the start-up phase of new ventures, broadening the sample base to INVs and social enterprises that work across different segments of society might challenge current findings concerning the likelihood of homophily in the networks of entrepreneurial actors and TMTs in the start-up phase of new ventures, and the gender of who entrepreneurs turn to for advice.

THREAD THREE: This research illustrates the liabilities in the negative side of network relationships in the creation of a social enterprise. While the benefits of entering into network relationships in new venture creation are well documented in the literature (e.g. Hite, 2005; Uzzi, 1996, 1997, 1999) and in this thesis, the research presented here also offers a view into the potential liabilities in network relationships. This research illustrates three devolutions in network relationships that Ayesha and I cited as critical challenges in the start-up phase of 5i, the disintegration of two weak ties (Jitender & Mustkin) and the conversion of a strong tie into an institutional weak tie that then dissolves (IKF). The negative side of network relationships in the creation of new ventures has received scant attention in the literature. However, recent theoretical works by Zahra, Yavuz, and Ucbasaran (2006) and Labianca and Brass (2006) start the process of filling this gap.

Zahra et al. (2006) explains how entrepreneurs, operating in environments of uncertainty and lack of information, are more likely than corporate managers to rely on heuristics as they permit them to identify opportunities and make quick decisions in such environments. The research in this thesis shows that Ayesha and I used heuristics to guide us in the choice of network contacts. However, Zahra et al. (2006: 547) posit that “When heuristic-based information processing prevails, accuracy is often compromised.” This research illustrates that when Ayesha and I used heuristics in relation to connecting with programmatic partners it worked to our benefit, we reduced the time necessary to capture a transaction. However as the cases of the disintegrating weak ties and the conversion of a strong tie into an institutional

weak tie that then dissolved, presented in Chapter Four of this thesis illustrate, we add field data to the theoretical constructions of Zahra et al. (2006) in demonstrating that we were also subject to the downside created by relying on heuristics. The findings here open a conversation on the importance of congruency in shared programmatic values in the use of heuristics in governing decisions on network partnerships. The research delivered in Chapter Four illustrates that if Ayesha and I shared programmatic values with a network partner, the relationship stayed net positive. Further, in the multiple cases where we were introduced to a partner by someone with whom we shared in our programmatic values, heuristics in developing network ties worked for us. In the three cases where we utilized heuristic techniques in identifying a network partner where we did *not* share programmatic values with the broker or the partner, we ended-up in a difficult position. Thus, the findings presented here first, add a prosaic perspective expanding the theoretical considerations presented by both Labianca and Brass (2006) and Zahra et al. (2006) on the negative dimension of network relationships; and second, these findings expand these theoretical constructs by illustrating that consideration should be given to shared mission-related, programmatic values, and other values, in understanding the potential payoff from the use of heuristics in developing network relationships in the start-up stage of a new social enterprise.

Section II: Implications for Practice

The start-up phase in small, social entrepreneurial INVs like 5i is a fragile time. For nascent small firms with limited capital, attempting to reach across national borders through a network-based value chain to deliver innovative economic development programs while still making a profit is challenging. Foundations and bi-lateral and multi-lateral government agencies interested in supporting the development of for-profit based venture-oriented approaches to economic development in the renewable energy and organic agriculture sectors in low income rural areas of Brazil, China, and India can take steps to structure relationships with such ventures in a manner that nurtures their development. Based in the findings offered in this research, a few suggestions to these actors to facilitate the development of such for-

profit social enterprises are presented below. These recommendations are in no way intended to be comprehensive, but can perhaps serve to strengthen the dialogue on these matters.

First, in the last few decades, non-profits have been the delivery mechanism of choice for government and foundation donor agents seeking to support the development of micro-scale productive use activities in the renewable energy and organic agriculture sectors in the low income rural regions of Brazil, China, and India. Officers in the development community interested in supporting social entrepreneurship should be encouraged to think beyond these non-profit models with which they appear most comfortable. As the donor community begins to engage more actively in the consideration of local, small for-profit alternatives, dialogues should be opened, and relationships built, with private sector firms operating in this space to explore the strategic and tactical scenarios conducive to support for-profit delivery models. The institutional modalities requisite to support the growth of small, innovative for-profit ventures delivering economic development services and operating in network-base value chains differ from those primarily non-profit institutional modalities with which the donor community is currently engaged. As seen in 5i's relationship with IKF discussed in Chapter Four, the donor community may not have the skills and/or experience base required to support the incubation and profitable growth of such social enterprises. In order to help open the space for such enterprises training may be required and institutional modalities may need to be adjusted to better incorporate contracting, monitoring and evaluation, and other requirements to facilitate the development of such firms.

Second, providers of services interested in catering to development agents in Brazil, China, and India are often familiar with how to support the progress of entrenched communities of non-profits or commercial firms interested simply in profits. The downside to not having key service providers that share programmatic values with social enterprises can be seen in the disintegration of 5i's relationships with Mustkin and Jitender. In order to open the space to allow for-profit approaches to economic development to be explored, incubation facilities and/or networks dedicated to supporting such could be piloted in which guidance could be

garnered, and references made and exchanged, to, for example, standard service providers such as lawyers and accountants interested in developing practices to service social enterprises. Efforts by both the Lemelson Foundation and the Skoll Foundation at supporting venture incubation networks for social enterprises are positive moves in this direction.

Venture incubation units have met with limited success in the United States and England. Key enablers of success appear to include the provision of advice by experts with practical experience in building business from the start-up stage, as opposed to those with non-profit experience or recent MBA graduates, and a willingness to place their own capital and expertise at risk in ventures which are attractive to them.

Third, in 5i's experience, foundation and government actors operating in the development community are moving away from long-term contracts and deep engagement with the institutions and individuals they support in the field. The movement to short-term contracts will make it more difficult for program officers and principals in the donor community to establish relationships with small INVs operating from developing countries and to allow the space through which congruency on values can be reached and trust established at a level sufficient to support the long-term growth of such organizations. Chapter Four in this thesis illustrates such conditions are essential to engender the flexibility and autonomy necessary to innovate in the dynamic environments often encountered in economic development work. Without such relationships, it will be difficult for small and innovative firms to operate in the economic development space and funding will most likely be channelled to larger consulting firms and/or non-profits that have established economies of scale necessary to manage a diverse array of small, short-term contracts over time. A dialogue on the importance of long-term funding and risk sharing could open the space for consideration of how to create relationships between clients and social enterprises that establish the environment requisite to secure sustainable change that small, dynamic firms can help bring about.

Section III: Limitations

This study is not without limitations; several limitations in this research are brought forward in this Section. A discussion on suggestions for future research is also initiated.

First and foremost, my research relies on my own personal interpretation of a personal experience as well as my reconstruction of Ayesha's interpretation of her experience in this text. There were many other people who were involved in the start-up phase of 5i, ranging from our clients to our service providers; and these individuals could construct a different narrative of events in the start-up phase of new ventures and the critical challenges and enabling conditions confronted within. Future research could integrate these perspectives.

Second, relationships from the perspective, and at the level, of the individual are the focus of this research. Other accounts could render perspectives at the level of the organization and/or the environment. There is no question that the environment, and especially our cultural context, played a key role in Ayesha and my work together and with others. Future research could probe this space.

Third, this thesis focused almost entirely on the interplay of challenges and enabling conditions in the purview of Ayesha and my professional space and only touched briefly on the personal when it played directly into professional choices and in a brief reflexive account offered in the Appendix. There is no question that personal forces - whether emotional, spiritual, cognitive, or behavioural - served as critical challenges and enabled us during the start-up phase. These were simply beyond the scope of this thesis. Future research into this personal territory, that opens-up a sensitivity to such personal flows, could add an important additional perspective that would complement a focus on social systems in TMT and network relationships.

Fourth, in Ayesha and my engagement in the construction of an interpretive ethnographic composite over a 24-month period many factors surfaced as challenges and enabling conditions. In our work with grounded theory methods at least seven topics, beyond team and network relationships, emerged as salient in our start-up phase, these include: *binding freedom/autonomy, financial sophistication, managing upfront risks, importance of prior knowledge, work/life balance, context/physical infrastructure, and opportunity recognition*. Although our TMT and network relationships were interpreted by Ayesha and I to be the critical factors in our start-up phase, in working-up the data, there were other more topics which could be considered important. Given the space and time constraints imposed on the development of this thesis, inclusion of further topics was beyond the scope of the possible. Research into the start-up phase in other firms could investigate some of these topics.

Fifth, although the focus of this research was the start-up phase, social systems in TMT or network relationships may play a critical role once social enterprises and/or INVs are fully up and running. Future research might fruitfully investigate liabilities and benefits of TMT and network relationships for social enterprises and/or INVs in any of the operational stages or compare and contrast their role at different stages.

Section IV: Directions for Future Research

In this thesis I have presented a prosaic narrative of the critical enabling conditions and challenges Ayesha and I perceived as constituted in the relationships between us as 5i's TMT, and in our relationship with our network partners, in the start-up phase of our firm. 5i's position as a social enterprise and INV presents some unique firm-level characteristics that help us see new angles in research into relationships discussed in the first section of this dissertation; this unique view also generates a few suggestions on areas for future research, these are described below.

Investigating Values: Future researchers should expand the universe of firm level contexts that are examined when looking at the role of TMT and network relationships in new venture

creation. More work certainly needs to be done in investigating the role of social systems, particularly TMT and network relationships, in the start-up phase of other social enterprises and INVs, but consideration of other non-traditional enterprises may also add insights. Particular attention should be paid to the role commercial and social values play in facilitating venture creation. Initial work on family firms has certainly added to the understanding of the roles of values. Further work on values in family, and other firms where non-commercial values are active, will strengthen our understanding of the role of such.

Work at the Crossroads: Examination of firms at the crossroads of different streams in academic disciplines, such as social enterprises, can also reveal new insights as we see multiple systems working together. New methodologies, gradually receiving acceptance in the study of entrepreneurship, that reward an emphasis on original field research and the narrative voice are encouraging, and hopefully will help in breaking down entrenched disciplinary and methodological walls so we see more research that crosses disciplinary borders. Research on firms that sit on these bridges might offer new insights.

Research on the ‘Dark Side’: The negative side of the ledger in social relationships in networks certainly deserves further analysis. There is little research on the role potentially damaging factors in network and TMT relationships play in new ventures. This research reached into this ‘dark side’ (Zahra et al. 2006) of relationships and revealed a few of the downsides when values are not shared among network partners. I hope this research stimulates further work to fill-in the negative side of the ‘social ledger’ (Labianca & Brass, 2006) in regards to the liabilities in network and TMT relationships.

Textured Views on Financial Sophistication: The findings presented here suggest an exploration of the textured process of a start-up’s use of financial systems in the context of the relationship of those responsible for them. It is suggested that future research look into the role of trust and other dimensions of the relationships of those managing financial systems to gauge the financial sophistication of start-up ventures. From a positivist perspective, future

research that looks closely into such aspects, rather than just at the presence or absence of a few indicators, may be able to draw stronger correlations between the success of start-ups and the firm's financial sophistication, thus strengthening the applicability of the concept piloted by Katz and Cabezuelo (2004).

Accessibility through the Prosaic: This work situates the social process of entrepreneurship within Ayesha and my interactions in our relationships. It is hoped that in telling our local stories of the start-up phase of 5i, this thesis makes the complexity of the entrepreneurial process simpler, and more tangible for the lay reader. As the listener enters into the details of our story, the selective interpretations and moves to grounded pragmatic theory are made in a context in which the listener is repeatedly becoming familiar (Smith & Anderson, 2004). We are delivering a 'living theory' (Smith & Anderson, 2004: 129) that can be understood through a local narrative (Smith & Anderson, 2004). I urge future researchers to take advantage of the voices of entrepreneurs. Ethnography and autoethnography are good approaches to do so. There are too few detailed accounts of the full start-up phase of enterprises in the voice of the entrepreneurs themselves. Research in entrepreneurship needs rich stories of individual experience that catalogue entrepreneurship in different experiences in situated, local places in order to create a tapestry that helps us better understand the diversity of practice that constitutes the field we are undertaking to study. I follow Katz (2004) in his call for a new journal that focuses on narrative and discursive approaches in entrepreneurship that would further open the space for these stories.

More on Research on Social Enterprises: Finally, and emphatically, there must be more research on the start-up phase of social ventures. Researchers have given less attention to the start-up phase in social enterprises. This is a serious gap in the entrepreneurship literature. Case studies, ethnographic studies, and other research methods that allow a textured look into social processes in the start-up phase would be helpful in delineating the various forces that enable or challenge entrepreneurs in the creation of new social ventures. The unique blend of commercial and non-commercial attributes of these ventures provides a fertile field for

research both in the domain of the social as well as at the borders of social and commercial. The soon to be available compendium on social entrepreneurship titled *Entrepreneurship As Social Change*, edited by Steyaert and Hjorth (2006), promises to be a good grounding in tales from this side of entrepreneurship.

Section V: Closing

The research presented in this thesis emphasizes interpretation and understanding grounded in the field, not rational explanation and prediction. Ayesha and my interpretive conceptualization of the challenges and enabling conditions we felt were critical, as we charted 5i through its start-up phase, arose from our engagement with poststructuralist, interpretive strands in autoethnography and ethnography. By engaging with these methods, this work attempts to bring the voices of entrepreneurs into research on entrepreneurship and works towards the goals set out by Denzin (1997) to include intimacy with the subject matter, delivery of shared experience, development of narrative truth, verisimilitude, and the treatment of facts as constructions. Messy, thick interpretive ethnographic and autoethnographic texts provided rich detail that we then teased, through engagement with interpretive grounded theory methods to yield more specific themes grounded in these texts. In provoking these grounded findings to pragmatic theory I observed the formulas embedded in our stories. I hope that the insights into network and TMT relationships in the start-up phase of a social entrepreneurial INV offered in this thesis will be challenged and strengthened in light of further narratives. Indeed, there are hundreds more stories on the creation of social entrepreneurial international new ventures out there ready to be told.

Critical Enabling Conditions and Challenges in the Start-up Phase of an International New Venture: A Social Entrepreneur's Perspective

Two Volumes: Volume Two

by

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VOLUME Two

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VOLUME TWO

APPENDIX I: REFLEXIVE ACCOUNT: DYNAMICS OF MY RELATIONSHIP WITH MY BUSINESS PARTNER

The notion of reflexivity recognizes that researchers do not simply and transparently report on an independent order of reality, but rather are an active participant in the construction of that reality. This section is designed to excavate a little of my practice in constructing the research presented in this thesis. The goal is to make audible my voice as a researcher pondering my situation. The write-up in this Appendix is obviously selective; a separate treatise could be developed on these matters. In the section presented here I focus on the exploration of the dynamics of my relationship with Ayesha, my business partner and close friend, in the construction of this thesis.

As the reader is aware by now, Ayesha was more than my business partner; she was an active participant in this research. I construct her voice in the text of this thesis through passages from the journals, dialogues, and focused discussion sessions that she engaged in during this research process. Her voice is a vital component in this work. There were tensions, pleasures, power dynamics, and a strong feeling of gratitude related to bringing Ayesha's voice into this research. This section works to expose these dynamics. I first discuss power relations and then give an example of them at work in a tense situation that arose in the research. In the next sub-section, I look into the commitment Ayesha made in participating in this research and its influence on the dynamics of our relationship. In closing, I briefly consider the pleasure in our participation in this research together.

Power

The researcher enters the field as a person of a particular age, ethnicity, gender, and so on. In thinking through Ayesha and my local realities in preparing this research text, it should immediately jump out at the reader that I am an older Caucasian male from a high income country managing the integration of the voice of a younger Indian woman in my research.

Readers who don't dig deeper may associate power to me based on my demographically ascribed characteristics. I certainly didn't feel any power in these characteristics in relation to 5i's start-up phase or in preparing this research. Ayesha is an incredibly smart, well-educated, well-trained, and well-capitalized woman who was educated and had a professional career in the United States before we started 5i. We built 5i in her home country and town, and, in the beginning, in her garage. She spoke Hindi and knew the cultural context in which we operated. I could not have done business in India without a partner such as Ayesha, certainly not in the development community where it is a must to have a local partner, and certainly an advantage to have one who is a well-educated woman. In the community in which we operated in 5i's start-up phase, I felt Ayesha's ascribed demographic characteristics and functional attributes certainly conveyed power to her. This power transferred into this research, as it is my opinion that the academic community would have frowned on research into a start-up in India that did not include a local voice, and rightly so.

In excavating my power, I see it resting in my role as the author of this research. The production of this research text produces a particular knowledge that is characterized by my biases. Even the simplistic narratives are complex constructions, selective accounts of selective events. The writing-up exercise in ethnography and the use of an ethnographic text as a basis for analysis allows the author to interweave, in chosen sequence, and in consequence, voices into the text. Edits and revisions permit parsing others. Suspect is the researcher who does not openly exclaim this power they wield, no matter the method. As previously discussed, in attempting to balance this power a bit I took three steps. First, I included Ayesha's voice from her ethnographic accounts directly in the text. Second, I worked in partnership with her in the initial coding exercises that distilled the enabling conditions and challenges we felt critical in the start-up phase of 5i from our accounts. Third, I invited her to review the representation of her voice in multiple drafts of the thesis manuscript. Although Ayesha took multiple opportunities to participate in the construction of the research, I spent a significantly greater amount of time in researching the perspectives presented here. This difference in accumulated referential knowledge is an important one to

acknowledge as it obviously influenced my positioning and construction of her voice in the thesis.

Tension Point

I feel that the first points of tension Ayesha and I had in regards to participating together in this research came about in considering the inclusion of discussions in the thesis that walked the border between personal and professional matters. When Ayesha and I initiated our interpretive ethnographic and autobiographical ethnographic accounts that form the basis for this thesis we agreed not to write on personal issues in the start-up phase of 5i - especially those related to our personal relationships with our families, friends, and so on - unless such were directly to a specific professional transaction (such as the reference of a network contact).

In 5i's start-up phase, I had felt that my professional space was being infringed upon by members of Ayesha's family, particularly in an incident involving her sister and another with her nephew. When these incidents occurred I first tried to talk about them with Ayesha, but that didn't go well. When issue touched personal spaces Ayesha became a bit defensive. I could have dealt with this matter if my engagement with them was solely as a professional, but I was supposed to be writing and reflecting on what was happening to me in the start-up stage in my journal. Were what I what I framed as personal infringements on my professional space a matter directly related to business transactions or were they more simply a personal matter, a matter we had agreed not to record?

I began to write about these experiences in my journal and brought them up once or twice in the context of our business discussions. When we got into conversations on these topics they quickly escalated into heated and rather damaging dialogues, were placed off the record at Ayesha's request, and left residual negative feelings between us. Thus, as far as I know the conflict, involving the demarcation of personal and professional space, was revealed only through my journal entries. Ayesha never discussed these issues in the internal and external

dialogues transcribed for this thesis. This was difficult for me to handle. Ayesha's approach of not including a discussion on these matters in her voice anywhere presented a particularly challenging circumstance for me. It made it impossible for me to present her side of the discussion, only my voice would appear.

My journal entries contained some fairly critical passages related to our engagement with Ayesha's family as one or two of the incidents where I believe my professional space had been trampled by a member of her family, were particularly painful for me. I was passionate in my accounts. These passages contained what I thought were salient points. In a coding exercise on a farm in Herefordshire in November 2005, Ayesha coded these passages in my journal as 'cultural differences,' but their existence in the text made her very upset and put a bit of a damper on the coding work together. I decided to introduce the passages in the journal into my thesis because I believed strongly that they offered important insights into the challenges in our start-up phase, these incidents were critical challenges for me. I felt that Ayesha's refusal to comment on the record on these issues and discomfort with them should not be cause for their removal.

In May 2006, I asked Ayesha to review a draft of my thesis to make sure that her voice was represented fairly. After reading the sections on the 'cultural conflicts' that contained negative statements about members of her immediate family, she asked me if I would consider removing these passages. This placed me in a very difficult position. As a good friend, close colleague, and grateful researcher I was obliged to follow her directions however, as an academic I was essentially agreeing to censure. I agreed to edit the passages. We worked through the offending paragraphs sentence by sentence. I eventually agreed to: (a.) remove the statements Ayesha found most egregious and replace them with "..."; (b.) consider the removal of others statements she found less offensive, and (c.) place explanatory notes in brackets to clarify matters Ayesha felt were not apparent in my renderings.

Although I felt that the passages in question were on the border of what we initially defined as the boundaries for our musings, Ayesha had made it apparent, in the coding and as she edited her voice in the manuscript, that she was uncomfortable with the inclusion of these passages. I began to feel that to include these passages was an abuse of my power as the author. In addition, the roots of these conflicts are most likely cultural and it was far beyond the scope of my thesis and my ability as an academic to adequately address the interplay of the cultural roots in the conflicts in a just and thorough manner. In the version of my thesis that contains this Appendix I have decided to remove the passages entirely. I am now comfortable executing self censorship here. I don't think I had the right to include these entries in my thesis. I think by including them I may have violated our initial pact. Ayesha clearly thought these passages crossed the border; why should I have the power to overrule her.

This tension point was destructive. The spillover effects of first Ayesha's objection to the passages in the coding and then in the manuscripts gnawed away at our relationship. This tension point made me question what I was doing in my research. Was I destroying a commercial partnership and friendship just to add a couple passages about a conflict? Or was I protecting myself from censorship and offering what I felt were insights into critical challenges? In the end I felt I was violating a pre-agreed upon arrangement that governed my research and Ayesha's participation in such.

Gratitude and Balance

Ayesha made a substantial contribution to the initial development of the data in this thesis. She devoted countless hours to writing her experiences into a journal; participated in dialogues on enabling factors and challenges and a lengthy discussion on critical points; and helped me think through my approach, research, and findings. She also reviewed the representation of her voice in multiple versions of the manuscript for this thesis. Ayesha obviously gave much to this research. But, Ayesha's commitment to this research goes far beyond her direct involvement in it. My classes and associated research on epistemological and ontological frameworks and methodological approaches, the preparation of my research

proposal, my research, and the writing-up and editing of this thesis all took me away from the operations of 5i. While I had embarked on my PhD prior to establishing 5i, and Ayesha and I discussed, at length, the issue of my working part-time for the term of the thesis; both of us did not understand the strain my absence was going to place on her.

From 2003 to 2005, the pressures on Ayesha from my periodic absences from 5i to work on my research appeared bearable. I was conducting my field research in India on 5i for much of this period. As long as I was willing to work for 15 hours or so each day, I could divide my time between business and research. There were also lots of times when both overlapped. For example, discussions in our strategy retreats and in the long car rides and flights we took together on challenges and enabling conditions we faced in the start-up phase of 5i were relevant to both the company and my research. I did not receive many e-mails from Ayesha that illustrated my absence was a difficulty. We didn't discuss my absence in great detail. There are lines in Ayesha's journal that indicated she felt a strain at times, but I was putting in lots of time without pay for 5i and we had agreed I was only working part-time anyway.

However, in February 2006 I took off for over three months to write-up my PhD. I turned in the 1st draft of my thesis to my supervisor in May 2006. By the end of this period Ayesha was making it very clear - in telephone calls, personal e-mails, and discussions - that my absence was causing her a substantial amount of stress. This was a difficult period for 5i. I was waking up very early each morning for conversations with Ayesha, handling e-mail, and putting in an hour or so everyday, but Ayesha was always on call, all the time and there was lots going on. For example, writing of proposals was primarily my responsibility and I agreed to shoulder this responsibility in the start-up phase even while completing my research.

However, when I needed to engage fully in writing-up my PhD Ayesha took on this responsibility. A major United States Agency for International Development solicitation for work in South Asia opened during this time. A consulting firm I had worked for in the past invited us to bid with them. It was a good opportunity, we could construct a proposal that extended our current work in a direction we wanted to go and we needed the resources. We

agreed to join the bid team. I handled the client relations but Ayesha did most of the work on the proposal. She was taking on my responsibility at a time when she was in the midst of managing the construction of our new organic fruit processing facility, which had to be completed by May, before the apple season began. The problem became worse when I took off time in August 2006 to complete the edits on my PhD. Ayesha let me know she was exhausted, was spending a significant amount of her personal time taking care of the business due to my absence, and was reaching a point where she wasn't able to think clearly about company matters. She also made it clear she had not been able to take a vacation, or even a full weekend away, as she was always had to be on call for company business.

Now, as I edit this thesis following my viva, the tensions resulting from my absence have reached a peak. The re-writes are coinciding with a number of very difficult moments for 5i. First, the firm requires an injection of equity capital prior to this next processing season beginning in June 2007. Ayesha and I want to access the capital by bringing in other shareholders. In January we identified an interested investor. In February, in the middle of my re-writes, we have been preparing the documentation for this investor to assess the possibility of investing capital in 5i. We had to prepare a full business concept brief and financial plan and participate in lots of discussions with this investor; this is a fantastic opportunity for 5i. However, even though I am at point in handling the client, Ayesha is performing much of the work. Given that she is also ordering equipment for our new facility from England, managing further final construction work and handling the processing permits for our apple juice venture as well as taking care of numerous financial and administrative matters, my absence to work further on my research is causing a great deal of tension in our relationship.

I owe a great deal to Ayesha for participating in my PhD research and for taking on the management of our company as I continue to work on this thesis. In the start-up phase she gave what little spare time she had to contribute to the research for this PhD. When I took off significant periods of time for writing-up and then re-writing the PhD, my debt to her

amplified. During these periods of absence I think I may have pushed her too far, asking her to handle too much by herself. What has she given up for me to undertake this research? Given my absence and all that I have asked her to do, she has had to place her personal life on hold in order to manage our firm. This may seem like a dramatization, but I hope as the reader thinks through what it takes to create and manage a start-up that works on three continents, she/he will realize it is very serious indeed. Yes, Ayesha signed up to be an entrepreneur, but as she often says, she never signed-up to do it alone. What I have asked Ayesha to do and the tension that it has created has been very difficult for me to handle. Her involvement in my PhD and in managing the company in my absence has put our relationship as friends and as business associates at risk. This numbs me and has occasionally paralyzed me in work on both fronts.

Closing

This brief account illustrates some of pressures that govern the dynamics in preparing this thesis related to my relationship with Ayesha. In closing I should acknowledge that there is an inspiring side to involving a close friend and business partner in your research. When you both have energy and an interest, it can be wonderful to develop concepts in research that overlap with your business with someone who cares about both. In the beginning of my research process Ayesha and I used to have long conversations on all manner of subjects generated by the topics at the confluence of my research and our business. We used to share references to academic works we thought relevant, think about how the concepts that I was developing were relevant to 5i, and so on. We fed off each other's excitement and interest. Even during the times when Ayesha was under a tremendous amount of pressure, between e-mails threatening to resign, she called me to check on my progress on my thesis and sent me funny and supportive e-mails, she kept my spirits up and was a constant source of intellectual guidance, friendship, and humour. The companionship that Ayesha provided me in developing research on the company we both care deeply about was a comfort and joy for me. This support, when combined with that of my family, made what has been a rather exhausting experience bearable, fun, and enlightening. In sum, developing research with Ayesha was an

incredibly rewarding process for me. I just hope that what I asked of her as a participant in the research, as the co-manager of 5i, and as a friend wasn't too much. Throughout this research process, the debt that I owe to Ayesha is constantly on my mind.

APPENDIX II: CODING EXERCISES AND CODES

I performed four coding exercises during my research process, two open and two focused.

This Annex presents: (a.) a short snippets from the text of the thesis that introduce each coding exercise, (b.) examples of code clusters from the first exercise, and (c.) a list of each of the codes from the three exercises that followed. Further details on coding and other steps in the methodological approach followed in this thesis can be found in Chapter Two of the same. I have inserted the relevant paragraphs on “Memo-Writing” and ‘Theoretical Sampling’ from the main text of the thesis at the end of this Appendix as work on coding can best be seen when examined in partnership with these two activities.

Exercise One: In the *first coding exercise*, Ayesha and I independently coded data from each of our journals on a line-by-line basis. The line-by-line coding helped us get into the data and loosen it up by fracturing it into small bits (Locke, 2001). As we coded, we independently drafted tags that summarized the minute fragments of data presented in our journals and then wrote the code tags on a flip chart. We then held a brainstorming session in which we discussed our initial tags and then together we compiled them into sets of code clusters. Some of our initial code clusters related narrowly to a wide variety of topics (see cluster 1 below), others were more general (see cluster 3 below). A total of 115 code clusters emerged from this first coding exercise. Many of these initial codes clusters were *in vivo*, with concepts coming directly from the transcribed discourse in our journals.

Three examples from the 115 code clusters generated in this first coding exercise are provided below. At this stage we started to see repetition with a set of core themes, this repetition is obvious to see in reading through these three sample code clusters.

1. Service provider tensions cluster

- Lack of good advice
- Egotistical inefficient intermediaries constantly undermining our work
- Service providers fail us, seldom able to deliver what we need
- Bookkeeper saga exposes our vulnerability and lack of appropriate monitoring systems plus reinforces MMCA are idiots (accountants recommend incompetent bookkeepers and then don't take responsibility)

- System failure with bookkeeper shows how we are exposed to risks through service providers
- Loss of control on bookkeeping
- Burned by MML
- Constantly changing application/constantly evolving understanding of regulations governing us by MMCA/MML (inhibit us/constraints)
- Impossibility of finding trusted service providers
- MML sleazy
- Ayesha's 'conflicts of interest' with MML and travel agents
- Why do I argue for my own firm against Ayesha /Ayesha defending service provider who is contributing nothing
- Need to micro manage lawyers to achieve results
- Lawyer's and accountant's power sits with knowledge of the regulations
- Lack of trust in service providers increases the paperwork and time for us to get things done - high cost
- Long time for Ayesha to come to terms with problems with MML
- Initial trust in service providers disintegrates
- Service providers giving us what they want to rather than what we need
- Difficulty in managing service providers (long-term/short term approach to profits)
- Takes time for Ayesha to change a position, especially when there is a personal connection involved
- Three bookkeepers- pure frustration
- Getting screwed when you don't know what you are doing
- Myopic 'grab now' mentality of service providers

2. Importance of contacts

- Secure coverage from EVG for Ayesha to develop initial construct for firm as EVG-SA possible because of Kate's trust in John
- Importance of EVG contact in securing initial resources and contacts (GHF)
- Links with Catherine and Amaya open access to IKF and create opportunity for us to work through ideas before submission on LTH bid
- Ayesha uses network with JP, and later with PB, to develop LTH
- Our central source of funds (GHF) comes from John's long-term relationship with this client
- Introduction to Amaya by Catherine results in one essential client for 5i
- Importance of contact with clients
- Years of mutual trust and respect in client relationship with GHF help us get started
- Flexibility in relationships with clients on the program side is key

3. Freedom to pursue what we want

- Intellectual space to do what we want in our business
- Freedom to pursue new ideas, refine course, etc
- Control and associated freedom are prime motivating factors
- Openness to craft what you want
- Freedom of choice in where we go programmatically
- Intellectual freedom is key
- Cost advantages of open philosophical choices
- Freedom on decisions on approaches
- Autonomy to make judgments that reflect our principles
- Freedom to develop our business as we see fit
- Importance of intellectual flexibility and working in an intellectual comfort zone (rural, soft paths)

Exercise Two: In the second coding exercise, Ayesha and I each coded the transcripts from our dialogues compiled over the course of the research exercise. The data was coded in what

I termed an ‘oral delivered concept’ basis, as lines in the dialogue came together to deliver a collective thought. After this second coding exercise we held another brainstorming session, comparing codes that had emerged from our work with the transcripts. We then drafted a second set of codes together. After a lengthy discussion we agreed on 32 codes that emerged as the most frequent and/or incisive. The 32 codes generated in the second exercises are as follows:

1. Freedom to craft and pursue our philosophy and interests in the geographic areas we select
2. Inability to locate and secure able service providers and associated tensions
3. Philosophical, programmatic, and execution tension with external partners
4. Personal/professional dynamics, supports and cultural tensions
5. Importance of place of work
6. Network contacts and shared outlook with donors are vital
7. Balancing day-to-day transactions with need to craft strategy (small business necessitates multi-tasking)
8. Value and rewards of hard work and passion
9. Importance of shared vision and values/ethics
10. Too much day-to-day fire-fighting
11. Fragility/vulnerability of start-ups
12. Founders’ lack of experience with start-up requirements in India
13. High initial investment by founders
14. Founders’ ability and willingness to take initial risk
15. Constantly changing interpretations of the rules by lawyers/accountants
16. Weariness of Travel - too much work, too little time to rejuvenate (wear + tear on founders as chief assets)
17. Entrepreneurial trailblazing/creating New Paths
18. Communications between founders
19. Disadvantages of being a small business
20. Personality differences and similarities of the founders
21. Communications problems between founders
22. Mutual trust and close working relationship between founders
23. Not enough time spent establishing systems/non-programmatic matters
24. Flexibility in our relationship with client/donors
25. Personal and professional sacrifices by founders
26. Business conditions for small businesses in India
27. Building client confidence
28. Concentrated focus in approach
29. Freedom being bound by responsibility
30. Importance of being able to take reflexive distance in work
31. High dependency on key personnel
32. Influence of ‘past lives’ (experience, intellectual capital) and rural childhoods

The second two coding exercise can be classified as ‘focused coding.’ In the third and fourth coding exercises our work in the first two coding exercises establishes the base on which we move analysis forward in two crucial steps: (1) establishing the content and form of our nascent analysis into conceptual clusters; and (2) evaluating and clarifying our conceptual categories, the relationships between them, and their role in process (Charmaz, 2003b).

Robust groupings of codes that clearly illustrate preliminary thematic groupings are raised to a conceptual category for the development of the analytical framework (Charmaz, 2003b).

Exercise Three: In the *third coding exercise* Ayesha and I explored, discussed, compared, and combined the data in the 32 codes into 17 category clusters. We diagrammed and discussed the data in, and the relationship among, these 17 clusters. These 17 clusters then guided a more focused and more conceptual re-coding of all the data in the transcripts of our dialogues by both of us. I also coded all the relevant e-mails sent between us in 2004 and re-coded our journals using these 17 categories. Each of the 17 succinct, focused clusters was then the subject of an approximately eight hour targeted, in-depth discussion between us. I taped and transcribed the discussion sessions. The 17 clusters are as follows:

1. Freedom to craft and pursue our philosophy and interests in the geographic areas we select and responsibilities' role in binding such freedom
2. Tensions in our relationships with service providers
3. Financial sophistication
4. Relationships with network contacts
5. Personal/professional supports and cultural tensions in relationship between founders
6. Importance of place of work
7. Balancing the day-to-day work and firefighting with concept development, fundraising, and strategy and maintaining a balance between reflection and practice
8. Importance of shared vision and values in management team
9. Balance between the time spent on work and time with family
10. Fragility/vulnerability of start-ups
11. Willingness and ability to take upfront risks
12. Entrepreneurial trail blazing
13. Relationships with clients/donors
14. Importance of prior experience and complementarily skill sets of founders
15. Concentrated focus and a hands-on approach
16. Bridge with the UK
17. Importance of staff

Exercise Four: In the *fourth coding exercise*, I compared and combined the data coded in the 17 categories and re-crafted it into 11 sharp, clear, core conceptual categories that visibly demonstrated what came out in the data as our perception of critical enabling conditions and challenges. The 11 conceptual categories are:

1. Binding freedom/autonomy
2. Financial sophistication
3. Management team relationships
4. Network relationships
5. Relationships with clients

6. Managing upfront risks
7. Importance of prior knowledge
8. Work/life balance
9. Management team personal/professional dynamics
10. Context/physical infrastructure
11. Opportunity recognition

Memo-Writing: I developed narrative memos for each of the 11 conceptual categories and began to group the ethnographic data into analytical ‘baskets’ beside the narratives. To do this, I engaged Glaser’s (1978) 6 C method designed to help researchers think analytically about, theorize, and organize categories. Each conceptual category was defined, briefly delineated and properties analyzed, and then specific conditions under which it exists were explored by examining its constituent 6 Cs: context, conditions, causes, covariance, contingencies, and consequences. Putting to use this elaboration of the conceptual categories I began to organize them into conceptual schemes, experimenting with various groupings that might illustrate what were emerging as the critical enabling conditions and challenges.

In constant iterations between the data and the 11 core categories, a common theoretical thread began to emerge. I loosely translated this thread into *building human relationships*. The memo-writing also helped me see two constituent sub-themes in this thread: *the relationship within the management team*; and *network relationships*. These two sub-themes were evidenced in most of the 11 conceptual categories. Memo-writing helped me see how concepts fit together, and gave me a better handle on how to integrate my analysis into a more coherent framework, and organize the material that I wanted to include in the writing-up. The memos, reinforced with data gathered from theoretical sampling (see below), essentially provided the ‘theoretical anchorage’ (Locke, 2001) for the architecture for each of the conceptual chapters in this thesis.

Theoretical Sampling: Theoretical sampling means going back to the field to actively search for and collect data to illuminate and refine emerging theoretical categories in order to provide the best possible information for theorizing the substantive topics and their articulation into a theoretical framework (Charmaz, 2001, 2003b.). I started theoretical sampling following the completion of data gathering and analysis, after the 11 conceptual categories had been developed

through focused coding and memo-writing and the loose theoretical thread indicating the importance of relationships had been recognized. For me, theoretical sampling involved collecting more specific data from the same research site to develop, refine, and check the properties, boundaries, causes, and consequences of both the categories and the theoretical thread and its constituent themes. It meant engaging in a set of telephone calls with Ayesha and taking a short visit to India in December 2005 with the central purpose of using targeted questions to dig deeper and fill remaining gaps in the research. Following the collection of data, I worked a little more on comparing the findings in the 11 categories. I increasingly saw that the common thread in what we were pointing out as critical in each of the 11 categories was the importance of our internal (team) and external (partner) relationships. Theoretical sampling helped me build precision and complexity into these theoretical tenets while still remaining firmly rooted in the grounded data. It must be made clear that in grounded theory theoretical sampling is never executed “to approximate a statistical representation of the population parameters” (Charmaz & Mitchell, 2001). In mid-December 2005, theoretical sampling came to a close as the conceptual scheme began to stabilize around the importance of relationships and data gathered in the categories continually fell under one of the constituent sub-themes. I had reached the point of saturation and so stopped searching for new data as the importance of internal and external relationships, and their functional and cognitive elements, were continuously emerging as the core groupings that we were perceiving as our critical enabling conditions and challenges in the start-up phase.

APPENDIX III: COMMERCIAL DOCUMENTS CONSULTED

A number of formal and informal commercial documents related to the start-up phase of 5i were consulted in constructing this thesis.

As the author of this thesis is also a Managing Director of 5i - and 5i is a small business in which the Managing Directors were intimately involved in the day-to-day operation of the firm during its start-up phase - many internal memos, notes, drafts of programmatic outputs, and other informal working documents, as well as informal discussions, contributed to the author's understanding of the start-up phase of 5i presented in this thesis. These informal documents and discussions are not listed below as most of them were not catalogued or recorded.

A list of the key formal commercial documents consulted in the preparation of this thesis is provided below. This list has been split into three categories: constitutive, financial, and programmatic.

Constitutive

1. Draft Shareholders Agreement for EVG-SA
2. Memorandum of Association for 5i
3. Articles of Association for 5i
4. 5i Share Certificates held by Managing Directors

Financial

1. 5i's Chart of Accounts
2. 5i staff Expense Reports
3. 5i's Internal Accounting Statements and Logs
4. 5i's Fiscal Year 2003/4 Audited Corporate Financial Statement
5. 5i's Fiscal Year 2004/5 Audited Corporate Financial Statement

Programmatic

1. Multiple drafts of EVG-SA's proposal to IKF for LTH
2. Contract between IKF and 5i for LTH beginning 16 Dec 03 and associated Scope of Work
3. 5i's progress reports under LTH contract
4. Multiple sets of inputs sent to FDA for 1st proposal to GHF
5. First sub-contract between FDA and 5i (under GHF funding) beginning 1 May 04 and associated Scope of Work
6. 5i's progress reports under 1st FDA sub-contract
7. Multiple drafts of 5i's proposal to IKF for BRFP

8. Contract between the Embassy of the United Kingdom in Brasilia, Brazil and 5i for BRFP beginning 15 July 04 and associated Scope of Work
9. 5i's progress reports under BRFP contract
10. Multiple drafts of 5i's proposal to IKF for MVP
11. Contract between the British High Commission and 5i for MVP beginning 8 July 04 and associated Scope of Work
12. 5i's progress reports under MVP contract
13. Multiple sets of inputs sent to FDA for 2nd proposal to GHF
14. Second sub-contract between FDA and 5i (under GHF funding) beginning 15 May 05 and associated Scope of Work
15. 5i's progress reports under 2nd FDA sub-contract
16. Transcript of 5i's Corporate Strategy Retreat, Snowhill, England, 27 to 29 May 04
17. Transcript of 5i's Corporate Strategy Retreat, Tokyo, Japan, 15 to 19 Dec 04
18. Mission statement for GHF
19. IKF Annual Report 2004

In addition, to the aforementioned documents, e-mails between the founding partners of 5i and between the partners and our network contacts between October 2003 and April 2005 were also consulted.

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